THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

January 1, 1949

DAY OF RECKONING

AN EDITORIAL

Communist Postal System

James C. Rip

Kaifeng Letter

Anthony Wang

Farm Tenancy In China

C. Y. W. Meng

LEADERSHIP LACKING?

AN EDITORIAL

VOLUME 112 GY15 NUMBER 5

1870

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Needy And Inquiring

To The Editor:

For eight months I have been a reader of the *Review*, but now I have to say "goodbye", not because the bookseller charges too high a price, but because my pay is too small. Whenever I read your magazine it seems to me as if I had turned on a special radio. I can hear what I have not heard and know what I have not known. Cursed is Mars! He is going to choke us to death. He is making us wither away mentally as well as bodily.

I have a question here. Why is the elephant the symbol of the Republican Party and the ass the symbol of the Democratic Party? Do these symbols represent the different platforms of the parties? If so, why?

D. Y.

Lanchow, Kansu
December 15, 1948

(The Review has just received a few donations of free subscriptions for needy readers. A British reader, long resident in China, has contributed 16 three-month subscriptions, while an American reader has donated money to pay for two three-month subscriptions. Meanwhile several readers, both Chinese and foreign, have offered to send their old copies on to needy readers as soon as they are finished with them. Eighteen former subscribers, including Mr. D. Y., are now receiving their gift subscriptions, beginning with last week's issue. As to Mr. D. Y.'s question, both the elephant and the donkey were the creations of a New York political cartoonist, Thomas Nast, who started their use as symbols of the two parties in 1874. Nast, who was active in various municipal reform movements, also invented the tiger as the symbol for Tammany Hall, the Democratic machine in New York City. So far as we know, they have no connection with the platforms of the parties, which are drafted by party conventions preceding every election.—Editor.)

Nanchang Jammed

To The Editor:

General Fang-Tien, deputy commander of the Changsha Pacification Bureau and newly appointed commander of the Advance Headquarters at Nanchang, came to Nanchang on December 10. The large building which belonged to the Kiangsi Provincial Chung-Cheng library, has been occupied by his organization and the library has been moved to the educational department of Kiangsi Province. According to press reports, the new unit consists of a large staff and will control all the local forces in Kiangsi.

Since the Nanchang branch of the Central Bank of China carried out the exchange of silver and gold, thousands of people have been rushing the bank in an attempt to get a share of the cheap exchange. They wait in line from daybreak till darkness in the hope of getting the necessary application forms. Because these forms are so limited (only 150 per day), the black market price

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(All subscriptions must be authenticated by the individual student's school and must be sent directly to the offices of the *China Weekly Review.*)

All mail rates are subject to change in accordance with postal changes.

Cable Address: "Reviewing" Shanghai Telephone: 14772

PUBLISHED AT 160 CHUNG CHENG ROAD (EASTERN), SHANGHAI (O), CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, U.S.A. REGISTERED AT THE CHINESE POST OFFICE AS A NEWSPAPER FOR TRANSMISSION WITH SPECIAL MARKS PRIVILEGES IN CHINA.

Contents of previous issues of The China Weekly Review may be found in the "International Index of Periodicals," copies of which are on file in most standard libraries.

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of gold and silver is jumping rapidly. It is rumored that the new price of one silver yuan is over 30 gold yuan.

According to the *Sun Pao*, local newspaper of the Democratic Socialist Party, the manager of the Central Bank issued 40 special application forms to local newspapermen for the purchase of gold and silver. In the *Min Kao Yih Pao*, of the following day, we read an article which accused these journalists of obtaining the application forms illegally. Immediately after this, the Committee members of the Control Yuan announced they would make an inquiry into the matter. Up to now, the matter has not been settled.

Following the battle of Hsuchow, people from Shanghai and Nanking have been pouring into Nanchang. Every train arrives crammed with passengers, most of whom seem to be richer than the local residents of Nanchang and willing to pay any price for their requirements. Therefore prices are rising rapidly, especially hotel rates and rickshaw fares, which are over 20 times higher than a month ago. On the other hand, along the streets a lot of wandering students suffering from cold and hunger are to be seen. Nanchang is now full of contradictory attitudes: Enjoyment and suffering; discontent with the Nationalists and fear of the Reds.

Y. Y. WONG.

Nanchang
December 14, 1948

Kunming Students

To The Editor:

We all remember the incident in Kunming in July when a large number of college and middle school students were arrested and cast into prison because of their outspoken opposition to the Government.

We don't know whether our Government actually proved that they were Red spies or not. If not, why should they be punished? In Europe, America, Russia or any other country in the world, we have never heard of students being sentenced by the government. It should be obvious that students are an important asset to the country.

Yesterday, one of my mates came from Kunming and whispered to me that the imprisoned students may win their freedom if they will pay two ounces of gold. I was surprised at her words. What on earth does it mean, merely that the master of the cell needs the gold for himself?

Among the unfortunate boys is a classmate of mine called Liu Pao Teh. Everyone knew him to be an earnest worker in the students' association, and he did all he could for anything he held good. Then this terrible thing happened and he was arrested on the streets on his way home.

Up to now he is still living a dark life, and I have not corresponded with him for a long time. He has no father, but only a poor mother who has absolutely nothing to offer to retrieve her son's freedom.

I am very grieved over his misfortune and I wish for the day when a sudden change might win him his freedom.

TIEN CHEH JIUN.

Nanking
December 16, 1948

Yunnan Corrections

To The Editor:

I, one of the faithful readers of the *Review*, have not read any stories concerning Yunnan by Miss Helen P. F. Shih for a couple of months. Fortunately, the other day I came across her article on "Deterioration In Yunnan" which

appeared in the November 13 issue of your unbiased weekly. She, our *lao pai hsing's* representative, says whatever we want to say. This is why I like to read her stories.

However, I am sorry to inform you that I discovered a few mistakes in her story. She reported that the "bandits" captured the city of Kiangcheng hsien in the south on September 21, but failed to point out that they also killed the magistrate on the spot. The name of the number one squeezer, the ex-Commissioner of Yunnan High Court and concurrently the chief of the Yunnan Special Criminal Court is Sun Hsi-Jean not Sun Hsi-tsung. Sun was transferred to be the Commissioner of Kansu (province in north China) High Court, not the Kan court, and is still in Kunming, although his post was taken over by Mr. Fu Chi on November 2, 1948. It is true that no attempt was or is being made to punish Sun, although those who are interested in justice are hoping that the Central Government will punish him according to law.

Meanwhile, I am surprised that one of the local papers tried to whitewash Sun, saying that the Central Government transferred him from Yunnan to Kansu not because of his corruption but because of other "special reasons." What the special reasons are, nobody knows.

The *lao pai hsing* also complain over the Central Government's failure to punish the great speculator, Lih Daying, ex-general manager of the Kunming Central Bank, who made a great profit by taking advantage of his position in connection with the "reform opportunity." Lih flew to Nanking a couple of weeks ago, and it is said that he will become general manager of another branch office of the Central Bank. According to a reliable source, Chu Wen-Gaw (not Chu Wen-pao), Lih's co-operator, who was put in jail by order of Yunnan Provincial Government, will be set free, since the "currency reform" was a miserable flop.

China is a big shots' country. Those who are in power can do whatever they like. This is the reason why we hate the KMT's government.

A FAITHFUL REPORTER

Kunming
November 25, 1948.

Pen-Friend Found

To The Editor:

About a month ago I wrote you a letter requesting an introduction to an American pen-friend.

The day before yesterday I got a letter from an unknown American who knew that I was in need of an American pen-friend since he had read my letter in the November 27, 1948 issue of the *Review*, saying that he would be willing to be my friend. How happy I was when I read his friendly letter.

I wish to thank you heartily for helping me find a good friend.

FRANKLIN YING.

National Kiangsu Medical College
Chinkiang
December 20, 1948

Salvation Army

To The Editor:

Recently some members of the KMT proposed that refugee middle school students unite into a salvation army. How beautiful is the name, "Salvation Army." There is no doubt that this is nothing but a ruse to have us join the fratricidal war.

We refugee students are all poor and cannot live on our meagre incomes. Under this program of suppression, we should have no food to eat.

The present situation is more desperate than at any time during the eight years of bitter struggle against the Japanese. No one can deny that the "Bandit Communist Suppression Campaign" as well as the "Salvation Army" will not save the situation. The only way is to renew peace talks, as has already been suggested by many respected professors and patriotic young people.

DAVID LIU.

Kuyun, Kiangsu
December 23, 1948

Experts Needed

To The Editor:

If you watch what is going on in China, you can certainly notice a great deal. Is China stronger than before? If not, what is the reason?

Japan was defeated. The Second World War was won in our favor. But what did China gain from all this? To mention just a few things—a great famine is now prevailing throughout the country; economic depression has climbed to the top of the mountain. Millions of people have starved to death. The Chinese Reds are still making trouble in the North, and moving their battlefield towards the South day by day. These and many others are bad signs. It seems that China is now going from bad to worse. Many people even say that China has become poorer since the war. She is poor, not because she has no wealth, but because she is exhausted at this moment. I am sure that she will recover by and by.

The China of today is in dire need of experts to develop her hidden treasure. We must train them. Dear friends, let us work hard, let us study science. Students of today are the masters of tomorrow; our watchword should be "Study science and become experts." China will be rich and strong if this is done. China is hopeful! Dear friends, let us get started. The fate of China is in our hands.

CHANG RE-SHIN.

Changsha, Hunan
December 18, 1948

Family Slave

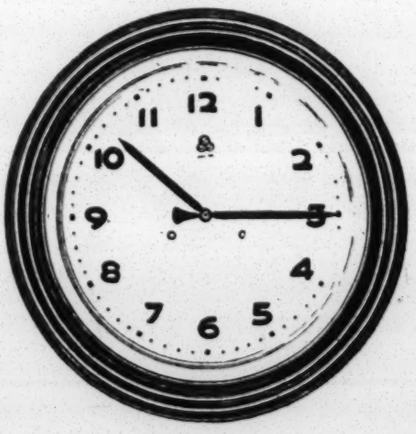
To The Editor:

Showfen is a maiden in my family. She is a so-called "ya-tou" having been sold to my mother (as cargo) more than a year ago at the age of seven. She is a beautiful, sagacious girl, but she has had a very bad fate. Motherless in her childhood, she was brought up by her old grandmother before becoming a "ya-tou." She participates in family duties and is very courteous to my parents and sisters. Sometimes she makes a mistake like breaking a teacup or speaking too loudly and this makes my sisters so angry that they beat her tyranically. I always quarrel with them, telling them that they should not maltreat such an unfortunate girl but should look upon her as a younger sister.

What has taken place in my family has made a deep impression on me. It is only one instance in a little corner of China. Showfen is one unfortuate girl in the community. There are many Showfens in our country. This makes me want to cry out that we young men should not preserve the feudal ways of our parents. For our future, we should set up an equal, democratic nation.

Y. S. LENG.

Tung-Lian, Szechuen
December 10, 1948



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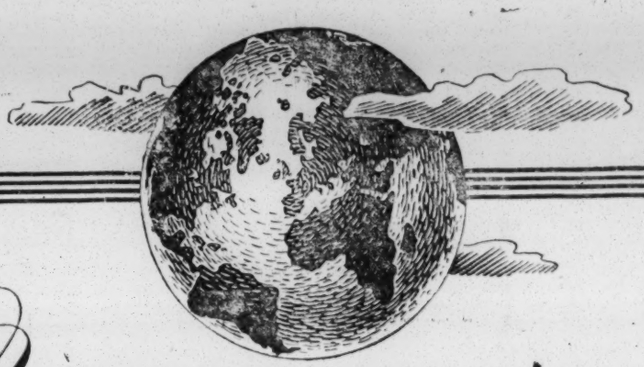

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Refugee Students

To The Editor:

Recently a great number of refugee students came to Hunan. When they arrived at the station, about 60 li from Changsha, they were immediately sent to remote districts and not allowed to enter the city. If someone really wants to know why they were not allowed to stay in Changsha, he may ask the authorities of Hunan about it.

When we learned the poor conditions of these students, not from the newspapers for there was little news about them published, but from those few students who had a chance to talk with them while they were traveling, many middle school students in Changsha presented these fugitive students with clothes, books, and money. But, unfortunately, a few of Changsha's middle schools did not allow their students to do such a thing. In a similar manner, the authorities of Hunan did not pay any attention to them except to send them to remote districts immediately upon their arrival at the station. I really don't know what kind of government is that we have!

We are told by the representatives who distributed the various gifts which we sent these poor students that their present conditions are much worse than we can ever imagine. They have no padded clothes to put on; their daily food allowance is too little to keep them from starving; many of them have already died from illness. There is no denying the fact that the places in which they now live have no medical equipment.

I must remind all the students in the "fighting areas" of the fact that there is no really "safe place" for them to go. It may be wiser to stay at home when the Communists come. The above story is a good lesson for them. If they are willing to leave when the Communists come, they should ask themselves whether they are strong enough to endure the hardships which have caused many refugees to die.

WU SHANG-WEN.

Changsha, Hunan
December 20, 1948

Fukien's Government

To The Editor:

The following paragraph is a report on the reformed government of Fukien.

That "Fukienese Govern Fukien" has come into effect proves that miracles do happen. General Lee Liang-yang, the newly appointed Governor of Fukien, was welcomed by all the people in this province. He is a native of Fukien and was a hero of the recapture of Fuchow during the Sino-Japanese war.

The Government was actually reformed on November 14. Its staff was reshuffled except for the Commissioners of Education and Construction. The new staff includes a woman Commissioner who is the dean of Hwa-Nan College. This is an unprecedented case in the history of the Fukien administration. Within two months it is supposed that most of the magistrates and principals of provincial middle schools will be shaken up. It is evident that the militarists will have a favorable opportunity for coming into power in the reformed government.

When Governor Lee arrived in Fuhcow, the capital city of Fukien, he told the public that he would employ only the learned and talented instead of adopting the usual practice of nepotism.

It is reported that an official named Wang Yien, running for a higher position in the provincial government, went to see General Lee with a letter of recommendation written by the president of a certain Yuan. After going over the letter, General Lee rebuked Wang for his absurdity and discharged him immediately.

Refusing all receptions and banquets, General Lee gave a farewell party of "one cup of tea and two cakes" to ex-governor Liu. The restaurant near the provincial government offices, usually haunted by top officials, has ended its good days, for those officials do not dare to visit it again. The officers in the provincial government rarely go out for a rest lest the Governor happen into the office and notice their absence.

However, as the buying rush spread into every nook and corner of the country, Fukien was no exception. The merchants in this province challenged General Lee by placing all their goods on the black-market. However great a victory he may win on the battlefield, he yielded to the mercants. This was followed by the people complaining that "When Lee takes up the position of Liu, there is no food and no fuel."

The people are hungry for a new deal where corruption, nepotism and officialdom would find no footing. We do not want to predict how things will be in future. Let time tell the truth.

F. F. WANG

Tsinkiang, Fukien
November 20, 1948

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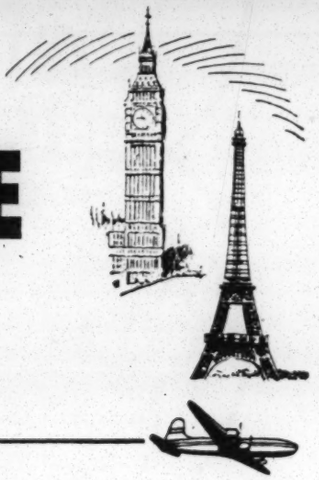

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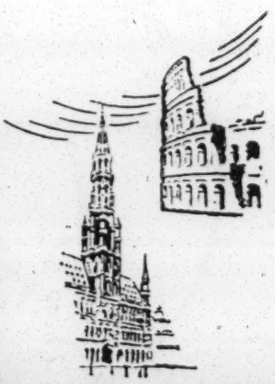

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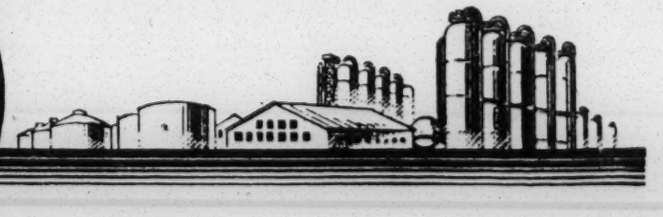

THE CHINA WEEKLY REVIEW
密勒氏評論報
A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 112 Shanghai, Saturday, January 1, 1949 No. 5

Day Of Reckoning

THERE has been much talk about an eventual "day of reckoning" in this country when "accounts would be settled." In fact, the Communists use the latter expression frequently, applying it to those accused of being usurious landlords, corrupt local officials, etc. More recently, the Communists have broadcast a long list of the names of those whom they consider war criminals and who will have to face trial in the event of an ultimate Communist victory. However, there is still another group for whom the day of reckoning has already arrived. This group is made up of the many China "experts" in foreign lands who have been singing unstinted praises of the Kuomintang.

The "experts" who have backed the Nationalist Government as an expression of policy only may escape a reckoning now, but the judgment day has already arrived for such people as William Bullitt, Walter Judd, Alfred Kohlberg and a few others. These men not only opposed the Communists — undoubtedly from very deep-seated and honest convictions—but were so blinded by their hate of communism that they attributed all sorts of virtues and good qualities to the present regime which it certainly lacks. These three men, for instance, have each made one or more trips to China since the end of the Pacific War and should have been able to see with their own eyes the rather pitiful state of affairs in Nationalist China. However, each seemed to have a blind spot when anyone tried to point out the corruption, inefficiency, nepotism and myriad other deficiencies inherent in the present administration. Most unbiased observers possessing even a small amount of intelligence began predicting a gloomy future for this regime as long as two or three years ago.

However, Bullitt, Judd and Kohlberg, to mention only three prominent examples of this type of "expert," preferred to believe that the shortcomings existed only in the minds of those "simple" people affected by communist propaganda. We do not doubt for the moment that these three men have all been sincere in their beliefs, but it virtually goes without saying that they have also been very shortsighted.

We have often wondered just how they would react when the day arrived when it was no longer possible to overlook the fact that Nationalist China is, has been and probably will continue to be a poor risk as far as being an American ally in the fight against communism is concerned. This week our curiosity has been satisfied regarding Congressman Judd, who has just delivered himself of an opinion in the form of an exclusive interview with the *United Press* in Washington. Apparently he is still so blinded by the Red bogey that even today he cannot see the facts. In the face of steady Nationalist military reverses, he obviously had to say something. We think that he should have said that while he was still unalterably opposed to Communism, he would admit that he had picked a poor tool to use in the fight in China.

Not at all! Judd now blames Truman and Marshall as being single handedly responsible for the plight of Chiang Kai-shek's government. In one of the most amazing statements ever made by a congressman, Judd complained that Congress is helpless if the executive branch of the government won't cooperate. According to our history books, that is not the way the American Government functions. Congress has the power to be the boss whenever it wishes to use it. Certainly the Republican-dominated last Congress used this power, passing legislation contrary to the president's wishes and refusing legislation the president asked for. Judd, who is a Republican, should know full well that the American Congress, not President Truman, ran the United States Government for the past two years and is mainly responsible for most present policies of that government.

Judd is reported to have said that during the last session Congress tried to force the Administration to take action in China by writing military and recovery provisions for China into the Economic Cooperation Act. "However, developments since then have proved that you can pass a law, but you cannot force its administration. If Truman and Marshall do not want to help China, then there is nothing we, as members of Congress, can do about it," Judd stated. He went on to say that during the past year ECA had "efficiently carried out relief provisions in aid to China, but it has systematically scuttled all plans for recovery, rehabilitation and military aid."

There are several things wrong with these statements. First and foremost, they simply are not true and there are facts available to prove this. Admittedly the Administration was reluctant to extend more aid to Nanking because it felt that Nanking was not competent enough to make good use of the aid. Two postwar years of unparalleled wastage of foreign aid had finally and belatedly convinced Truman and Marshall that it was hopeless to attempt to aid Nanking by American dollars and equipment. However, Judd and many of his fellow congressmen were

not convinced and forced passage in Congress of an aid bill against Marshall's advice.

Since the China aid program was inaugurated, it has been administered quickly and efficiently. The thing that was wrong with the China ECA act was that it was ever passed. The situation was already hopeless. It was doomed to failure from the start, no matter how well administered. Judd just doesn't know what he's talking about when he tries to blame Truman and Marshall for the failure of an aid program which he himself is largely responsible for initiating. We doubt if Judd himself could have administered it in any fashion so that it would have shown better results.

His charge that ECA had systematically scuttled all plans for recovery, rehabilitation and military aid is not true. Rehabilitation and recovery projects have been initiated. If Judd would spend more time looking during his visits to China and less time listening to the laments of Chinese bureaucrats, he could learn this for himself. ECA, as Judd should know, has nothing to do with the military aid program. Congress, at the insistence of Judd and other members, made it clear that the Chinese Government was to have complete control over the military part of the program. The fact that Nanking controlled the military program is one of the reasons why it has been so poorly administered. In the first place, Nanking didn't know what it wanted in the way of military aid and for quite some time did nothing about using the US$125,000,000 appropriated for military equipment. Finally, it asked the American Government to suggest what it should buy!

In the light of the foregoing it seems impossible to understand how Congressman Judd can have gotten so far off base. However, a further sentence of two of the interview may provide an inkling.

"Pure relief without plans for recovery being made is money thrown away. I could not in good conscience have pleaded as I did for the passage of the Bill, had I known this is what would happen."

If Nationalist China collapses, it is quite possible that some American voters are going to wonder just who were the bright boys who told the people that money would buy a victory over the Reds in China. The US taxpayers will find that a minimum of US$2,000,000,000 has been poured into this country since the end of the Pacific War. A large part, if not the major portion, of this sum was spent to bolster the Kuomintang Government. If a Communist government replaces the KMT and, likely enough, takes a dim view of the United States because of the extensive past aid to its predecessor and enemy, somebody in America is going to have to take the rap for this bad judgment.

We can hardly think of a more likely target for public disapproval than Congressman Judd, since he has been one of the most prominent advocates of all out aid to the KMT, blandly and unrealisticly promising a Red defeat in China as the returns on the investment, and warning that without such aid all of Asia will fall behind the iron curtain. However, if Judd can convince his electorate that the aid program, with which he had as much to do as any other public figure, was essentially sound and would have automatically succeeded had it not been for a "systematic scuttling" by the Truman Administration, he may partially escape the day of reckoning.

We are not inferring that we believe this idea is what prompted Judd's *United Press* interview; we mention it only as a possibility. Rather, we are of the opinion that Judd is still carried away by his hate and fear of communism to such an extent that he cannot see the realities of the China situation, even when they be as plain as the nose on his face.

Congressman Judd may escape a reckoning with his electorate, who probably know and care little about China, but he already stands in the unenviable position of a China "expert" who not only failed miserably as an expert, but who turned out to be an unusually poor observer, even when on the scene of action.

Leadership Lacking?

A GREAT many foreigners seem to be concerned over what they call the lack of Chinese leadership and ability during these difficult days. While we normally are willing to lend an ear to any foreigners who appear to sympathize with China and who appear to desire to help the Chinese people, this present concern strikes us as being something less than touching.

An *Associated Press* story last week quoted a retired Chinese rear-admiral as deploring the poor leadership in the Chinese armed forces and advocating the appointment of an American or British naval officer to command the Chinese Navy as the solution to the Navy's problems. The anonymous rear-admiral was quoted as saying, "Chinese sailors have little faith in the ability of their commanders. Oddly enough, I believe one good English or Yankee lieutenant given command of the Chinese Navy would be the fleet's salvation as well as the means of saving the national capital."

While we are inclined to doubt that the appointment of one foreign naval officer to head the Chinese Navy would insure that organization's being able to halt a Yangtze crossing by the Reds, it is undoubtedly true that a navy manned and directed by British or American personnel could probably turn in a more credible performance than an all-Chinese organization. That is simply because the Chinese Navy is a relatively new institution in the modern sense and its personnel undoubtedly have not yet completely adapted themselves to the foreign warships given China since the end of the war. It certainly does not mean that British or American or any other kind of foreign crew would per se be superior to a Chinese crew.

However, there is still another consideration which should not be lost sight of. China is a large and ancient country peopled with Chinese who obviously have the right to run it the way

they think best. Frequently, foreigners, especially newly arrived ones, view with amazement the methods employed in this country and feel that they could do any number of various jobs much better than the natives can. This is a natural reaction of an individual arriving from a highly modernized society where many large undertakings, such as aviation, complicated industry and huge scientific war machines are taken for granted. All too rarely, though, do these foreigners realize that no matter how awkwardly the Chinese may manage certain of their affairs, this is no justification for foreigners to "take over" and run things "properly."

There is plenty of room here for good, sound advice—even criticism, if constructive. If the Chinese wish to avail themselves of experienced foreigners in an advisory or even directive capacity, that again is their business.

Foreigners who make comments, similar to the one made early this week by Congressman Judd who said that there was never any possibility of China's recovery from the war and successful resistance to communism without vigorous and effective American aid, are not very far removed in their thinking from the Western colonialists of the 18th and 19th centuries. Chinese of the brand of the retired rear-admiral are, in our view, bankrupt culturally and emotionally, lacking the virtues of native pride commonly found in all countries throughout the world.

* * *

THE days of foreign concessions are over. With the passage of such days must also pass the mentality, unfortunately still prevalent among many foreigners, that the Chinese cannot be counted upon to do things "properly." Similarly, the attitude of dependence upon foreigners to solve periodic crises, which still persists in many Chinese circles, must also go.

China is about to enter upon a new period in her already long history. Either the Communists are going to take over control of the country and inaugurate a new system of government, or the present regime will rally and fend off the Communists by so strengthening and reforming itself that it will be a completely different outfit. In any event this country will shortly begin a new chapter. The government which finally ends up in control of the country will be faced with tremendous problems of reconstruction of war damage, some of which go back a decade or more, and of modernization.

These problems will tax the utmost abilities of the Chinese people and they will need all the outside help they can get. There will never be a lack of jobs to be undertaken by experienced and sympathetic foreigners. However, there must be a new mentality among these foreigners. They must come to help and to teach, not to order and to ridicule.

This, of course, does not mean that the foreigners who come to China in the future must be amiable pollyannas with no backbone or convictions. We have seen how useless such foreign advisers have proved in the past. Advice must be good and based on solid grounds and, when the giver is convinced beyond all doubt that he is correct, he must exert all pressure possible to support his stand. Presumably, the new regime, be it a Communist one or a revamped and invigorated Kuomintang one, will really be interested in getting things done and will not be the sink for all corruption, inefficiency and other evils as has been the case in the past.

China will survive without foreign aid and she will be able to operate the various branches of government without foreign managers, but constructive and sympathetic foreign assistance will quicken progress and lighten the load of the new leadership which we confidently expect will be rising to grapple with the problems once peace is secured.

Another Magazine Banned

THE *Observer*, most popular Chinese magazine published since the end of the war, became the latest victim in the Government's drive against the press. It was closed last week by the Ministry of the Interior, which charged that the magazine had been "consistently anti-Government and sympathetic to the Communist bandits." The closure, which is said to be permanent, was justified by invoking Article 22 of the National Mobilization Law and Article 32 of the Publication Law.

A few days later, police raided the offices and reportedly arrested some 60 staff members and visitors, whose present whereabouts and fate are unknown.

There is really very little one can say about such an action, particularly during these days when one never knows which magazine or newspaper will be the next victim.

The Government, we believe, should study carefully its action in banning the *Observer* and move slowly before deciding upon the next publication to be so punished. The *Observer*, according to the closure order, attacked the Government, ridiculed Nationalist troops, propagandized for the Reds and disturbed the people's minds. Despite all these terrible things, the *Observer* was far and ahead the most popular magazine published in China. Its circulation was larger than that of any other single magazine, although it was a relative newcomer in the publication field and did not have a well-known "background," normally a very important asset.

If the *Observer* was as anti-Government and pro-Communist as the Nanking Government says it was, why was it so popular?

There is one thing the Government should remember: The stifling of the press because it dares to disclose evils will never make them any less real. When one's thoughts are in proper balance and his motives pure, then the carping of critics will not bother him, nor injure him. However, when such criticism becomes popular and begins to really irritate one, then something must be done. The best method of approach is to examine oneself and see if the fault cannot

be corrected. If this is done, criticism will automatically stop. Contrarily, arbitrary suppression of criticism creates more criticism. The more suppression is relied upon, the fiercer the criticism will become, even if it must be of an underground nature.

Suspected Reds Released

ONE of the few bits of pleasant news appearing in the papers recently was a story reporting the release of 182 people arrested last March on suspicion of being Communist agents. While it would not necessarily be good news to read of the release of actual Red agents or even suspected Red agents, it is good news to read of the release of 182 people, mostly local workers, because the authorities apparently came to the conclusion that they were at most ignorant victims exploited by the Reds.

Although it seems to have taken the authorities the better part of a year to decide that these suspects should not be detained, it is rather remarkable that such a decision was made during these hysterical days when more people are being arrested because of similar suspicion.

One might be inclined to wonder about the many months these people have spent in jail and to speculate as to whether or not some form of compensation was due them were it not for the fact that the Special Criminal Court did find most guilty. Conviction, of course, makes any later leniency on the part of the court appear admirable. It is, though, to be regretted that there is no appeal from sentences handed down by this special tribunal which was established by decree and not provided for in the regularly constituted laws of the country.

However, in these days of martial law, curfew, censorship, and other restrictions, not to mention political, military and economic uncertainty, we suppose that we should be grateful for small things. Let us hope that the court's mellow mood continues and that some of the more recently arrested suspects will, if not properly found guilty, be released in the near future.

Mustn't Listen To Reds

THE Nanking Garrison Headquarters this week forbade the public to listen to the Communist broadcasts, claiming that such listening was the cause for the recent spreading of Communist rumors which were having a bad effect upon the people's morale.

The authorities seem to be unduly concerned with the people's mental welfare these days. Just last week the popular Chinese magazine, the *Observer*, was permanently suppressed for a variety of reasons, one of which was that it was disturbing the people's minds.

The people's minds and morale seem to be in an awful shape these days, not to mention the nation's economy and politics and the Government's armies.

25 Years Ago in *The China Weekly Review*

American Correspondents Please Note

December 29, 1923

Correspondents of the American newspapers in China are being urged persistently by the official Chinese to write something encouraging of China, these Chinese asserting that most of the news that goes over the cables is of a discouraging nature and causes the belief in the United States that China is in a turmoil, is without an orderly government and that travel not only is unsafe, but the lives of the foreigners are in peril in many of the provinces. This propaganda is extended to certain of the Americans in China, who are joining in the campaign that seems to have gotten underway in Peking and also in the treaty ports. The missionaries, for example, fear that the funds for the conversion of the Chinese to Christianity may not come so readily. The trade emissaries assert that this representation of the state of affairs in China makes it difficult for them to obtain orders, since the home offices are unwilling to grant the long credits required and more and more are insisting on a large amount of cash or other security.

* * *

The Kwoh Min Tang's Sword

As a political party the Kwoh Min Tang has nothing on any other party, or clique, in China. They began with the sword, they keep up with the sword. And to any thinking man it must be apparent that the sword will remain till some representative body of Chinese confine it to the scrap pile. It would give confidence to the whole country, and to the world, to see Dr. Sun, and his followers, begin the good work. They will not get all they hoped for, and it will be more than an ordinary sacrifice. But it is a much more reasonable sacrifice than the sacrifice of men, money, trade, good-will, and what not, that is now the lot of China.

10 Years Ago In *The China Weekly Review*

Give Up "Fast Life"

December 31, 1938

General Chiang Kai-shek is determined to put an end to "fast life" among Government officials not at the front. Mr. Hsu Chung-chi, Chief of Police in Chungking, officially announced last week that, "in accordance with instructions received from the Generalissimo, any Government, Kuomintang or military official, regardless of rank, if found indulging in gambling, dancing, visiting brothels or other unbecoming conduct, will be arrested and severely punished."

The Generalissimo, the announcement said, forbids dancing and declares that anyone guilty of unbecoming conduct will be executed.

"If a wife is found dancing," the announcement adds, "her husband will be held responsible, and if an official is found guilty of unbecoming conduct, the Minister of his Ministry will be held responsible."

* * *

Japanese In Shanghai

It is quite obvious that the Japanese attempt to suppress Chinese newspapers, published under foreign auspices, is but the beginning of a fresh Japanese drive to suppress all independent expressions of opinion by foreigners as well as Chinese. Should the Japanese succeed in suppressing the Chinese papers, despite the fact most of them are actually owned by foreigners or foreign corporations, it is self evident that the foreign or English-language press would be next on the schedule. Then the book-publishing houses, such as Kelly and Walsh and the Chinese-American Publishing Company and others, would be curtailed, to be followed by censorship of books sold in the settlements. Then there would be drastic restrictions on free education.....This is approximately the situation which prevails in Japan, Korea and Manchukuo today.

VIET NAM'S FIGHT FOR FREEDOM

William Johnson

(This is the second in a series of two articles tracing the development of Viet Nam's struggle for independence.)

IT IS apparent that the Viet Nam National Assembly includes representatives of all groups and all political tendencies, yet its unity was demonstrated in the unanimous vote electing Ho Chi Minh as President of the Democratic Republic of Viet Nam. The cabinet was elected by the first session of the National Assembly and included members of all parties and non-party deputies. This cabinet was reshuffled in July 1947, but the same broad representation of all groups was preserved. In the present cabinet, three portfolios are held by Socialists, two by Democrats and the remainder by members of the various parties and by non-party representatives. One Catholic, one Buddhist, and two former mandarins of the no longer existing imperial court hold ministerial posts. Fourteen of the 25 members of the cabinet, including under-secretaries, do not belong to any party.

In the ceaseless stream of official releases by organs of French propaganda, no reference is made to the broadly representative character of the Viet Nam National Assembly, nor do the French find it expedient to mention the constitution drawn up by a special committee appointed by the first session of the National Assembly and unanimously approved by the second session held in November, 1946. The constitution guarantees the rights of private property, the inviolable rights of the individual to personal liberty, freedom of expression, assembly and organization, and freedom to practice any religious belief. The constitution conforms in every respect to the accepted principles of democracy.

Government Reality

Except in the small areas occupied by the French and held under uncertain French control by French forces, the provisions of the constitution have been put into effect. Local administration is carried on by committees elected by the population, and these local committees in turn elect from their own members at regularly convened congresses committees charged with regional administration. Government of the people by the people has become a reality.

Freedom from French repression has made possible unrestricted political development and has resulted in a steady growth in the membership of all political parties, and an even greater strengthening of support for the government. This was indicated by the formation of the League for National Union in June, 1946 by Bui Ban Doan, a former mandarin of the imperial court, and by Father Phan Ba Truc, a prominent Catholic leader. This organization was formed to unite all efforts towards cultural and economic development, and the membership embraced adherents of all political parties. The League for National Union has played an important part in the organization of armed resistance, although when formed it was prepared to cooperate with the French on the basis of Viet Nam independence.

Core Of Resistance

Not only political parties, but trade union, and organizations of intellectuals, youths, students, peasants and women, forbidden or severely penalized under French rule, have developed and now comprise a total membership of 12-13 million firmly united in the resolve to achieve the full and complete independence of Viet Nam. All these organizations, and other groups, such as the Catholic Association of Viet Nam, and the Buddhist Association, are playing an integral part in the present bitter struggle, but the very core of the resistance has come from the Viet Nam workers who have been mainly responsible for organizing and increasing production and for combating illiteracy. The peasantry, liberated from the insufferable burden of debt and with sufficient land to cultivate, have followed their example and have developed cooperatives which collaborate closely with the Viet Nam Federation of Labor. In every sphere Viet Nam unity has achieved remarkable results, and, as is now generally admitted, ensures certain victory of the Viet Nam people.

Undoubtedly the personal prestige and the unquestioned leadership of Ho Chi Minh has been and still is an extremely important factor in the realization of Viet Nam national unity. Few national leaders have ever been accorded such unswerving loyalty. For 40 years Ho Chi Minh has taken an active part in the national liberation movement of Viet Nam and his name had become almost legendary throughout the country even before he founded the Viet Minh in 1941. At the age of 15 he shipped to France as a galley boy on a French ship and remained there until 1923, with the exception of two years he spent in London working in the kitchen of the Carlton Hotel. In France he earned a meager living as a retoucher of photographs while devoting himself to making the cause of Viet Nam more widely known among French progresssive circles and organizing Viet Nam workers and soldiers in France.

At the Versailles Peace Conference Ho Chi Minh circulated an eight-point memorandum putting forth Viet Nam claims to independence. Naturally this ambitious lobbying achieved no result but the text of the program was smuggled to Viet Nam and was generally adopted as the aim of the struggle. Later he founded, in collaboration with students and officials from other French colonies, a small newspaper presenting the very ugly truth of French colonial rule. In France, the authorities, fearful of rousing public opinion, did not dare to take any action against Ho Chi Minh, but attempts were made to intimidate and bribe him without success.

Towards the end of 1923, Ho Chi Minh left France and traveled across Russia to China, where he remained until late in 1926, working part of the time as translator for Borodin, adviser to Sun Yat Sen. In 1927 he went to Siam and continued to direct the activities of the Revolutionary Youth of Viet Nam which he had founded in 1925. Coming to Hongkong in 1930 he was arrested on vague charges and sentenced to deportation on a French vessel to a port of Indo China. But the French glee over this development was short-lived. An appeal to the highest juridical authorities in Britain, sponsored by a number of prominent personalities in British politics, to have this sentence reversed was successful and Ho Chi Minh was freed. Subsequently he lived precariously in Viet Nam, in Siam and probably in China, successfully evading the widespread net of French spies and agents, and finally, in 1941, he emerged as the undisputed leader of the Viet Nam resistance against the French and the Japanese.

Vague Promises

It would seem that the French have deliberately ignored reality in failing to recognize the unity of the Viet Nam people and in persisting with attempts to beguile them with vague promises and to lure their support away from Ho Chi Minh. The past three years have shown the fruitlessness of the deep-laid schemes manufactured first by d'Argenlieu and then by Bollaert to disrupt Viet Nam unity. After making and breaking a number of agreements with the Viet Nam Government, d'Argenlieu set up a puppet government of the so-called "Republic of Cochin China" on June 1, 1946, the day after Ho Chi Minh had left for France to attend the Fontainebleau Conference. This "government" and this "republic" existed only in the naive fantasies of French propagandists and was finally not even regarded seriously by the French themselves.

The first "president" of this government was a Dr. Thinh, a wealthy landowner and a naturalized French citizen, who committed suicide on November 9, 1946, leaving behind a note apologizing to his colleagues for

having led them into "a tragic farce." Thinh was succeeded by Le Van Hoach, who had served the Japanese as a police commissioner in south Viet Nam and who is a leader of the notorious pseudo-religious Cao-Daiist sect. But Le Van Hoach was so exuberantly pro-French that he dispelled any illusions which the French may have created about this "government." Accordingly, Le Van Hoach resigned on September 30, 1946 and was assigned to make periodic visits to Hongkong for carefully arranged meetings with Bao Dai.

Nguyen Van Xuan, present leader of the so-called "provisional central government of Viet Nam," the scion of a wealthy pro-French Viet Nam family, a naturalized French citizen unable to speak the Viet Nam language, and a Lieutenant General of the French army, was made successor to Le Van Hoach. But the sole governmental function carried out by Xuan was the issue of an order banning a number of Saigon papers which had reported that his offer to mediate between the Viet Nam government and the French had drawn a stinging reply in a broadcast from the Viet Nam radio in the south, which labeled Xuan a traitor and enemy of the people.

"Peace Offer"

Emile Bollaert, an obscure official without distinction or talent, was appointed High Commissioner of Indo-China on March 5, 1947 replacing d'Argenlieu. But the change in officials meant no change in the policy of attempting to smash the Republic of Viet Nam. Bollaert made his debut by announcing a spurious "peace offer" to the Viet Nam government, proposing that Viet Nam forces surrender all arms and that French troops be allowed complete freedom of movement in all parts of the country. Having realized that this "peace offer" had been ignored, Bollaert then set about busily organizing the few available puppets.

One of the first steps taken in the hope of undermining Viet Nam unity was the formation of the "Front National du Viet Nam" on May 22, 1947, which was intended also to bolster the make-believe of French misrepresentation of the loyalty of the population for Ho Chi Minh's Viet Nam Government. Besides Le Van Hoach, and Nguyen Van Xuan, this "Front National du Viet Nam" includes such types as Truong Dinh Tri, guilty of criminal collaboration with the Japanese. Xuan and Dinh were both executed on October 10, 1947 by Viet Nam partisans following their conviction by a Viet Nam military tribunal on charges of high treason.

In addition to forming the so-called "Front National du Viet Nam," Bollaert also brought forward a few other hirelings who were brazenly presented as "national leaders." However, Bollaert was unable to find any "'leader' with any following or influence in Viet Nam. The puppets who participated in these schemes, and there were very few, were all discredited by collaboration with the Japanese or with the French and mostly with both. All of them are essentially petty careerists.

Bollaert also made an attempt to form a puppet organization of intellectuals but succeeded in recruiting only a few hacks from pro-French newspapers in Saigon, and this idea fell through. Viet Nam intellectuals, virtually without exception, both in France and in Viet Nam, fully support the Viet Nam Government and the resistance of the people. A similarly unsuccessful attempt was made to recruit Viet Nam workers still remaining in French occupied areas into so-called trade unions under the auspices of the French authorities. Self-stayled labor leaders were appointed but no members were secured.

Very persistent endeavors were directed by the French to alienating the support of Viet Nam Catholics from the Ho Chi Minh Government but the Catholic League of Viet Nam, with a membership embracing almost all of the 2,000,000 Catholics in the country, has resolutely adhered to its stand. Viet Nam Catholic support for the resistance has even strengthened in the last three years due to the atrocities committed on Catholics and the wanton destruction and desecration of churches and schools by French troops. Furthermore, there are numerous Catholic leaders occupying high posts in the Government and the armed forces.

The French authorities also began a rather tardy wooing of the support of the ethnic minorities in Viet Nam with spurious promises of autonomy. Apart from attracting a few chieftains who were always maintained in opulence and who have fled to French-occupied territory, this scheme also failed. With the coming to power of the Viet Nam Government, the ethnic minorities, numbering approximately four million, were lifted from the age-old backwardness in which they had been left under French rule. Many of them have become literate, their conditions have improved with the introduction of better methods of farming, and their inherent distrust of the French was not allayed by vague promises of undefined "autonomy." Several military units comprised entirely of members of ethnic minorities have distinguished themselves in clashes with the French forces.

Puppet Regime

Viet Nam national unity was illustrated more emphatically than ever when Bollaert finally set up what was called the "central provisional government of Viet Nam" on May 20, 1948. This puppet government came into being with a blare of official French propaganda which did not arouse the interest or attention of the Viet Nam population. The French language Saigon daily, *Echo du Viet Nam*, was moved to remark sadly on the complete indifference of the local Viet Nam population to this so-called government. The only official Viet Nam reaction was a brief statement by Ho Chi Minh condemning this government as an illegal body and adding that the members of this body would be tried by military tribunal for treason.

French plans to undermine the Viet Nam Government, culminating in the anti-climax of setting up the "Provisional Government of Viet Nam," were mainly based on the misconception that the ex-emperor Bao Dai still commanded a large following amongst the Viet Nam population. It is difficult to understand this French reasoning.

Bao Dai's Origin

As emperor from 1932 to 1945, Bao Dai had come to be detested, both by the mass of the people and by the nobility, for his unprotesting collaboration with the French and for the expensive and more depraved forms of debauchery which made him notorious. It is furthermore doubtful whether Bao Dai ever had any legitimate claim to the throne, since there is considerable and justifiable doubt as to his origin. The previous emperor, Khai Dinh, claimed parentage of Bao Dai after a passing liaison with the wife of a palace functionary, but this claim may well be dismissed for Khai Dinh, despite many wives, was without issue, male or female.

After a carefully supervised education in France, Bao Dai was placed on the throne in 1932. The following year he outraged all tradition by agreeing to a marriage arranged by the Governor-General Pasquier with the daughter of a wealthy landowner, a commoner and a Catholic. This was without precedent in Viet Nam history, and evoked the wrath of the nobility and the contempt of the people.

Bao Dai passively collaborated with the French and with the Japanese, but apparently realized to what extent popular feeling was against him when he abdicated on August 25, 1945. By taking this well-advised step Bao Dai did gain some slight prestige and was given a post in the Viet Nam Government. However, as soon as the opportunity offered, he fled to Hongkong some months later and switched his vacillating loyalty once more to the French. Whatever prestige or sympathy that may have existed for Bao Dai immediately evaporated.

The proclaimed support of Bao Dai for the puppet Xuan government has not resulted in the 70 per cent defection of the Viet Nam population which William Bullitt so wrongly estimated. Bao Dai was the last hope of the French to create a division in Viet Nam national unity and that hope has been completely dashed.

Thus all attempts to divide the Viet Nam people and to discredit the Viet Nam Government have achieved precisely nothing. The present situation and the events of the last three years have shown clearly that all sections of the Viet Nam population unanimously support the Ho Chi Minh government.

It is not difficult to understand why this is so. In Viet Nam the

process of French colonization followed the same pattern as in other subjugated countries, with the sole distinction that French imperialism has been characterized by evils usually not found in colonial records. Opium and alcohol were encouraged in a calculated attempt to create a national degeneracy. Semi-starvation was a permanent condition of a great part of the people, particularly in the north where peasant holdings were as small as 24 square meters. After 80 years of French rule literacy was reduced to less than five percent of the population. The peasants were ruthlessly dispossessed to provide cheap labor power for the mines and the plantations while the Viet Nam landlords were forced by devious means into complete dependency on the French banks, all subsidiaries of the Banque de l'Indochine. The accumulation of capital by Viet Nam nationals was made almost impossible by direct and indirect measures. In most colonies, as for example India and Indonesia, there arose an indigenous bourgeoisie but this development did not take place in Viet Nam. An extremely small number did benefit from French rule, and these few are amongst the hated puppets whom the French put forward as leaders. All sections of the population are united in the struggle for independence because all sections were subjected to unrestrained repression under French rule.

Viet Nam Conditions

In his book, *The Revolt of Asia*, the well-known English writer Robert Payne commented on Viet Nam under French domination: "No labor unions were allowed. The poverty of the peasant in the overcrowded Red River delta was greater than that of any other colony in the East with the possible exception of India. Ninety percent of the population lived in crude thatched huts and earned less than 300 piasters a year. An Annamite coal miner could get 15 cents a day, but the general level of income was considerably less than US$10 per year. . . . The governor-general was advised by a grand council representing economic and financial interests in which the Banque de l'Indochine was strongly interested. In theory, considerable powers were wielded by the court of the Emperor of Annam, but in effect these powers were subservient to French economic interests . . . The budget for Indochina provided a sum of 15,000,000 piasters for 30,000 Annamites and functionaries of the government; the same budget provided 40,000,000 piasters for 5,000 French employees . . . 40 years after the conquest less than two percent of the population received elementary education; there was one university, 31 hospitals and 83 prisons."

There is every reason and every justification for the struggle of the Viet Nam people to defend their hard-won independence and the struggle will certainly continue until they have achieved their victory.

Wandering Intellectuals:

China's Migrant Workers

SHIRLEY HUANG

CHINA'S real migrant workers are not her poor farming class, but rather her professional and technical classes. This is not a new development, nor is it due to the war, but goes far back in China's history.

China's aristocracy were her landlords. Formerly, it was chiefly these who could afford to send their sons to school and educate them for official positions. As the large family system is strongly entrenched in country areas, the sons would leave home to study, to attend the Imperial examinations, and often after passing them, to take up their post in some distant town. An official might return to his family home two or three times a year to visit his wife and children. As he had no roots in the town in which he was working, he would move from place to place as higher positions were opened to him.

China's educated classes are much the same today. They are largely dependent on government institutions for their livelihood, and therefore "follow the crops" with large seasonal migrations during the summer and winter vacations. As promotions are always slow in coming in the civil service, often the quickest or only way to improve one's position is by moving to another institution where a higher rating and salary is offered.

Sometimes a man, having established his home in one town, will find his family increasing faster than his salary. If communications are poor and his household goods too many, he may set up bachelor quarters at a new job, spending his vacations with his family.

The war and deteriorating economic conditions gave new impetus to the migration of China's professional groups. For perhaps the first time in their existence, inland institutions were able to fill their staffs. Teachers and technicians felt that the factor of safety weighed more heavily than the advantages, social and educational, offered by the larger cities and coastal areas. In addition, living was simpler in the inland regions and an insufficient salary could be stretched much farther. As life became harder, however, even in areas where food and clothing were almost the only expenses, a man with four or more children found it hard to get along. It is quite customary now for professional people to be working at one time in several institutions. Sometimes a professor will teach half a term in one school, then take leave of absence to teach half a term in another, thus receiving double salary. The year's paid leave accorded faculty members after a number of years' at one institution is now rarely spent on rest or research, but rather on continued work at that or another institution. Often a man will "ride circuit" during the week on two or more schools in his locality, arranging his classes at each to be concentrated during two or three days. That is one reason why many schools hold evening and week-end classes. In the cities, most men holding positions in civil service also teach in local universities or schools.

The present war has worked the greatest hardships on this migrant population which is dependent on government patronage. Many of these people have at one time joined the political party in power, largely in order to improve their chances of promotion. They now face the prospect, if they remain in areas which will be under the control of the Opposition, of being deprived of their means of livelihood in favor of the protegees of the new government. This is neither a new development nor peculiar to China. Andrew Jackson phrased it nicely when he said, "To the victor belong the spoils."

The war has reached the point now where the professional worker's position is particularly untenable. If he flees in the train of the National Government, he has the war continually scorching his tail. Travel conditions are becoming daily more expensive and less attractive. The "safe" areas already are crowded almost to the bursting point with people of the same class as himself. Obviously, any jobs still open for him will be at least one step down, and will not carry the usual provision of decent (or any) housing. In addition, unless miracles happen, he seems to be backing a losing horse.

On the other hand, the number of trained technical and professional people in China is not enough to satisfy the need under normal conditions of inactivity. If a Communist government intends to do its duty by this country, it must expand government institutions in such fields as education, agriculture, etc. This will more than reabsorb displaced professional people. First, however, the new government will have to organize itself, starting with a compact plant staffed with its own people. Before it is ready to expand into a full-fledged government, the employees of the former government face a period of unemployment which may be six months, possibly less, probably more. Some reports say that the Communist Government accepts no moral responsibility for the welfare of these people during the period of transition. A man with five children and a sixth coming, whose salary has been just sufficient to keep them decently comfortable, can scarcely expect, this time, a happy new year.

How The Communists Run The Post Office

Exchange of Mails Advocated

James C. Rip

AS the Chinese post office is one of the Government-owned utilities, both the postal service and its employees have suffered greatly from the Communists in the Civil War. Many postmasters and postal employees were arrested and many were reported missing. But since the beginning of this year, a striking change in the Communist altitude toward the C.P.O. and its staff has been noticed. They are lenient and no longer look on it as a KMT espionage organ. At the time the Communists occupied Kaifeng, Honan, it was declared that all installations and communications outfits would be guarded and the employees were encouraged to resume their work. But the postal employees, doubting their real intentions, refused to work for them.

In Tsinan, all but 140 postal employees are still working. Those who left because their families were in Nanking were escorted to the border by the Communists, who supplied 10 trucks for the evacuees. In Mukden, the situation is somewhat better than in either Kaifeng or Tsinan. All the employees work enthusiastically there.

The Communists have their own means of handling mail matters in Red areas. Before taking large cities such as Kaifeng, Tsinan and Mukden, their postal service was confined chiefly to military and political use. But now the Communists are said to be mapping out a large network of postal routes to facilitate people's correspondence. The department responsible for directing postal affairs is the Chiao Tung Chu (Bureau of Communications). It seems that the Reds do not have a special system in dealing with postal affairs, for the post office is also called the Chiao Tung Chu. Only recently was it learned that the postal and telegraph system (they are incorporated in one institution) has been granted great power over all other communication branches.

Controls Press

As to their postal organization, they at first set up posts along the lines of military establishments. Now postal employees coming from Mukden say that the post-and-telegraph office there has divided its work into four departments: A) General, B) Business, C) Accounting, D) Circulation. What is interesting and new to us is the last department, which supervises and controls all newspapers and magazines in the city as far as their circulation affairs are concerned. If the office deems it necessary, it will cancel certain newspapers' and magazines' registration certificates, thus stopping its circulation through the post office The postmen, besides delivering subscribed copies, may also distribute free copies purchased by the Government as gifts for cultural and other organizations.

The postage stamps used in Red areas are of rough design, printed in pink on coarse paper and bear a picture of Mao Tze-tung. Their policy in running the post-and-telegraph service is rather realistic, i.e. on a self-supporting basis without official subsidy. This being the case, the postage rate in Red areas is rather high in terms of Gold Yuan —about GY4 or GY5 for an ordinary letter, as of a month ago.

As they themselves admit, they lack know-how in handling postal and telegraph affairs. Many clubs and societies were organized in which workers of the Chiao Tung Chu and the unemployed postal and telegraph employees met for the interchange of technique and knowledge.

Employees having no work because of the shrinkage in business are invited to participate and have not been dismissed or removed to other places for "training" as we had previously heard. Everyone does not receive the same salary, as some people might think; high ranking employees and technicians receive more than others, but the average salary is enough to sustain a family of three or four members, we are told.

Employees Praised

The Government postal employees were highly praised by the Communists. The *New Democratic Daily* in Tsinan and the *Chungchow Daily* in Kaifeng carried articles which lauded the C.P.O. as the most efficient and unique of the state organizations in Government-controlled areas and its workers the most law abiding, never engaging in corruption as other officials do. Most of the high officers and labor union leaders in post-and-telegraph circles in Communist areas are former Postal Labor Union leaders who fled to Communist areas in past years when the Government conducted mass arrests of dangerous elements. Among them, it is reported, are Mr. Chu Hsueh-fan, former union leader of Mr. Liu Ning-yi (same rank with Chu) former Shanghai Postal Labor Union head; Mr. Sheng Tung (Sheng Chi-jui), now Director of Tsinan's Postal-and-Telegraph Office, and many others. No wonder great favor was shown to the C.P.O.

Now, the most unpleasant fact we all face is that while the Civil War lasts mail cannot be exchanged with the Communists. It is recalled that when old civil wars raged before the KMT's Northern Expedition, when the Japanese set up the Puppet Manchukuo state, and even when the Japs overran most of China toward the end of the war, we could keep track of family members and friends in the enemy held area, no matter how slow the postal service might be. It is highly deplorable that when this Civil War broke out between two parties, each of whom claims to safeguard the people's freedom of opinion and expression, we are kept ignorant of how our friends and relatives on the other side are because of the blockade of postal service.

Reasons For Exchange

This problem grew so much more pressing as the Reds took more and more territory that I interviewed several high-ranking postal officials and labor leaders. The reasons I raised were: 1) Postal Service is non-partisan, 2) Even international belligerents do not interfere with postal affairs in accordance with International Law, 3) People are entitled, in accordance with the constitution, to have freedom of correspondence, 4) Many foreign consulates, missionaries, businessmen, etc., are still staying in the Communist-held areas or may do so in the future, and this may cause international difficulties and diplomatic issues if correspondence is blockaded longer than necessary. They shared my opinion but generally felt that it is up to our Government to decide, the postal authorities and the 40,000 postal workers of the Union being only executors of laws. As for the foreigners, of course they should do something to contribute to it if they deem it necessary.

In conclusion, I should like to appeal to the warring parties, asking them to permit us to exchange letters, etc. in order to know how our families and friends are getting along on the other side, whether they are still alive or dead, living happily or in darkness. Perhaps we may be able to help them by sending something. I think it may benefit both sides.

It is reported that one of the top-ranking postal officials who recently arrived from a Communist-held area was urged by the Communists to exchange mail with them. Be it true or not, let us hope that for the benefit of our people and foreigners as well, the National Government will actively arrange to facilitate such an exchange, even with censorship if it is deemed necessary.

New Governor Of Fukien

Chen Fu-sheng

GENERAL Li Liang-jung has succeeded General Liu Chien-hsu as governor of Fukien. Of the generals who have become governors, Li is probably one of the youngest as he is only 43 years old. As Commander of the 80th Division stationed in Fukien from 1940 to 1945, he won the respect of his subordinates as well as the admiration of the people by his industrious and frugal habits. He spent his hours of leisure in attending lectures at Fukien Christian University at Shaowu, North Fukien.

During his eight years' governorship of Fukien, General Liu Chien-hsu did not achieve much in the field of economic reconstruction, but did, however, succeed in establishing peace and order. When he took over the Fukien Provincial Government from General Chen Yi in 1940, the whole province was seething with discontent. Chen Yi's trading company monopolized daily necessities and robbed practically all the legitimate interests of the traders; its affiliated transportation company deprived many a carrying coolie of his meaps of livelihood. With the price of daily necessities soaring to alarming heights and with unemployment posing a grave problem, the social order and economic system were almost entirely disrupted.

Delicate Situation

General Liu had a very delicate situation to handle. He left no stone unturned in his efforts to liquidate Chen Yi's monopolistic concerns, to reinstate freedom of enterprise, and to restore peace and order. Although Fukien still has small bands of bandits, particularly in the frontier regions, it is comparatively quiet and peaceful. Such peace and quiet are valuable assets on which General Li may count in reconstructing Fukien.

There is no gainsaying the fact that Fukien is an exceptionally poor province. According to a conservative estimate, the wealth of the whole province is less than that of Ningpo. Fukien's resources and industries remain undeveloped. Its agricultural products, such as tea and timber, and its marine products, if well-processed, can bring great wealth; its fruit industry, when developed, can make Fukien the "California of China", its paper industry, should it be improved, promises good returns; its ample water power, should it be harnessed, will adequately meet industrial needs.

Naturally, development of resources requires operational funds. Fukien is not in a position to raise sizable sums by itself, nor can it expect to get much from the hard-pressed Central Government. Governor Liu Chien-hsu had striven to induce Overseas Chinese to invest in Fukien's enterprises but he received little or no response. As long as currency values remain unstabilized, no Overseas Chinese is likely to be interested in home investments. Even though General Li is a native of Fukien, I wonder if he can succeed in encouraging investments on the part of Overseas Chinese.

However, despite the gloomy prospects of investments by the Overseas Chinese and of financial assistance from the Central Government, much can be done with funds available in Fukien to ameliorate living conditions and to make Fukien a prosperous province.

Take Foochow for example. More than half of the population lives on weaving or spinning with hand looms. When they individually sell their finished products, cotton yarn or cloth, to dealers, they are highly fleeced by the latter. The people, who live from hand to mouth, have no choice but to dispose of their fruits of labor at little profit; they can not afford to improve the means of production. Again, take Changchow where there are numerous fruit orchards. Fruit-growers do not know how to pack and ship fruits properly, nor do they have storage equipment. Immediately after being picked, the fruit is sold to local dealers who invariably take advantage of the growers. These factors point to the necessity of forming cooperatives to transport and sell on behalf of the producers, to improve means of production, and to arrange for necessary loans to enhance production. Of course, unless such cooperatives are placed on a sound footing, there will be no material results.

Inspects Soochow Cooperatives

Last August, I happened to make a trip to Soochow and had the opportunity of inspecting the principal cooperative enterprises there. I was deeply impressed by how they are thriving, under the able direction of Miss Yao Ching-feng. In Kuangfu, sericultural center of Soochow, the Sericulture Cooperative has provided its members with selected silkworm eggs and mechanized equipment for drying fresh cocoons and has made contracts with the Kiangsu Provincial Sericultural School to give free technical guidance during the silkworm-raising season, and with the Experimental Silk Reelery of the School to reel cocoons into silk at reasonable charges.

In Mutu, a village 20 kilometers west of Soochow, the Embroidery Cooperative has provided female farmers with material on which to do embroidered work during their leisure hours and has paid them compensation in kind; the Cooperative has also given them technical guidance. Both sericulture and embroidery are minor occupations of farmers in Soochow. In the past, farmers have been left to the mercy of cocoon or embroidery dealers but with the strengthening of cooperatives by Miss Yao, many of these farmers have been able to make adequate profits and their products have greatly improved. A cooperative system such as this would be a great help to Fukien.

Heretofore, the Fukien Provincial Government has drawn up many plans for economic reconstruction; none of these projects has been successfully carried out because they have been too far-reaching or on too large a scale. General Li, it is hoped, will, for the time being, restrict his project to what is workable or within the financial reach of the government. To draw up a high-sounding but unworkable project is worse than to have no project at all.

Provincialism Prevails

Due to handicapped communications within Fukien and with the outside, provincialism and localism prevail. A foreign diplomatic officer who had been in south Fukien for a long time used to say, "The first and foremost thing in Amoy is that you are a native of Amoy." In many secondary schools or colleges, one finds rival camps; they do not represent different schools of thought but different localities. A certain provincial college has had four different presidents during the past five years. These presidents did not retain office long, not because of incompetence, but because they did not come from the same locality as the dominant student group. The Commissioner of the Office of Control for Fukien and Taiwan is reported to have received an average of 30 accusations a day from various districts; these accusations are in fact nothing but charges against outsiders or interclan charges.

It has not been long since General Li was sworn into office but he has more than once announced his determination to eradicate provincialism and localism. It is my sincerest wish that, under General Li, provincialism can be uprooted. We all know too well that provincialism breeds misunderstanding and hatred, and impedes progress.

The people of Fukien have clamored for "government of the Fukienese and by the Fukienese" for a long time. Now that their dream has come true, it is time for them to rally to the support of General Li in building up a new Fukien.

Farm Tenancy In China

C. Y. W. Meng

WHILE China's fate is being decided on the military and political fronts, it is the conviction of many Chinese economists that, before launching a major industrial program, China must improve her agricultural setup. It is felt that any industrialization in China must be founded on agriculture, since the necessary raw materials are largely agricultural products. Moreover, the major portion of needed capital must come from rural China, and this vast area can become a major market for finished goods.

Any economic planning for the future must therefore include the improvement of the farmer's status. So long as the mass of Chinese farmers remain on a minimum subsistence level and are constantly endangered by famine and pestilence, there is little prospect of real economic progress.

The land problem in China is one of long standing, and statistics are far from uniform. According to Professor J. Lossing Buck's study, over half of the peasants in the country as a whole have been land owners, less than a quarter part owners, and another quarter tenants. This apparently has led Dr. Buck to conclude that, "compared with other countries, the prevalence of tenancy is no greater in China."

Misuse Of System

In my view, the greatest part of our land problem lies not so much in the prevalence of farm tenancy as in misuse of the system. This latter has resulted in abuse of the privileges connected with ownership, the keeping of the peasantry in perpetual servitude and ignorance for purposes of exploitation, the granting of disproportionate power to the village gentry in the management of local affairs, and failure on the part of the authorities to enforce laws and decrees which would protect the rights of tenants.

Experience has shown that it is extremely difficult, if not impossible, for a farm tenant to climb the ladder toward becoming a farm owner in China. A study made by the Nanking University College of Agriculture in the provinces of Hupeh, Honan, Anhwei and Kiangsi shows that it takes, on an average, 30.9 years for a farm laborer to become a farm tenant, 40.9 years to become a part owner, and 48.1 years to become an owner. Of all farm laborers covered by the survey, only seven percent managed to become tenants, 1.6 part owners, and 0.6 full owners.

Had Dr. Sun Yat-sen's "Principle of the People's Livelihood" been carried out, the landlord-tenant relationship would have been placed on a far more equitable basis during the past 22 years. The Kuomintang's "Outline for Land Reform" was announced no less than 43 years ago. China's Land Law, which expressly forbids the payment of more than a third of the products as rent, was first promulgated in 1930. The revised Land Law of 1946 even limits landlords to eight percent return on their investment. But, unfortunately, nothing further happened after promulgation of these laws, and the land situation remains unimproved.

Change For Worse

The present tendency has been in the direction of more farm tenancy, for the simple reason that under inflationary conditions the wealth of the country has tended to flow into realty holdings as a "hedge" against currency depreciation. In Szechuen province, for example, nearly 90 percent of the farms are now in the hands of a few big "new land owners." It is not uncommon for landlords to possess from several thousand to 10,000 *mow* (one Chinese mow is equivalent to 0.15202844 of an acre) of farmland. These "new land owners" now constitute 71 per cent of the total land owners, and own 87 percent of farmland in the province. They are mostly warlords, bureaucrats, local gentry and merchants.

In Kansu province, taking another example, the same situation exists. In an address before the sixth plenary session of the Kansu Provincial Political Council, General Chang Chih-chung, Former chairman of the Provincial Government of Sinkiang, and now the director-general of the President's Headquarters in the Northwest, was reported to have pointed out to the audience that "46 percent of the farmland along the Huangwei Waterway is now owned by seven big landlords only."

This waterway was constructed by the Government at considerable cost in money and manpower. It was intended to serve as a "model" for land reform in China's Northwest. But the result has turned out to be exactly contrary to the original purpose.

The situation, as it stands today, is that the poor farmers are becoming poorer and the rich richer. Many farmers, instead of climbing up the ladder, have actually been descending it, going from small land owners to part-owners, and to farm laborers, and finally to a state of starvation and homelessness.

Another factor in accelerating the collapse of China's rural economy has been the charging of exorbitant rents and interest rates in many parts of rural China.

According to the latest study made by the China Agricultural Promotion Society, there are three types of farm leases: Leases with no fixed period, leases with a fixed period, and leases on a permanent basis. Out of these three, the first is by far the most prevalent, totalling 60.8 percent. Leases with a fixed period make up 27.8 percent of the total, and those on a permanent basis form only 9.4 percent. Of the three kinds, the first hits the tenant farmers the hardest, while providing the sharpest weapon for the landlords in their exploitation of the farmers. When the period of the lease is fixed by mutual consent, landlords are in a position to revise and increase the rents whenever they wish, and can threaten to cancel the lease should the tenant farmer refuse to agree.

In some districts in Szechuen province, the common practice is the "Three-seven System." That is, after each harvest, 30 percent of the crops shall be the tenant's, while 70 percent shall belong to the landlord. In other districts, the "Two-eight System" is in use, while in still others, the usual practice is "spring crops" (meaning rice) for the landlord, and "autumn crops" (meaning other miscellaneous cereals) for the tenant."

High Rent

In all, Szechuen tenant farmers are paying rent which is as high as 75 to 80 percent of what they produce. With the remaining 20 or 25 percent, they can never hope to meet taxes and expenses, not to mention even managing a bare living.

In Hupeh, Fukien and other provinces, the usual practice for rural loans is "One for Two." That is to say, for one picul of borrowed rice, the tenant farmer has to return two piculs, plus a fee of 20 percent.

The tenant farmer who is unfortunate enough to need two piculs of rice before his next harvest finds himself deprived of nearly four and a half piculs when his harvest comes. His deficiency carries over to the following crop, and he has to borrow still more. Thus his indebtedness increases in geometric ratio.

雅 新
SUN YA
•
Cantonese Restaurant
•
719 Nanking Road
Tel.: 90080

Six Common Loans

In Chekiang province, there are no less than six common high usurious interest loans. Under the term "Green Seedling Loan," a poor farmer has to repay as much as twice the amount at harvest time for a loan made during the spring sowing season. As a usual practice, loan contracts do not mention the original amount of loans involved, but only the amount of crops to be refunded.

Another form of loan is the forward purchase of cereals. Cereal merchants during the spring season pay in advance half or one-third of the value for a certain quantity of cereals, and at harvest time, they demand the whole quantity in return.

In many instances, lenders even deduct interest before the extension of loans. A farmer who borrows, for example, CN$1,000,000 can get only CN$800,000, if the interest rate is 20 percent.

Compound interest is also in use. A farmer who borrows CN$1,000,000 has to repay CN$1,200,000 by the end of the first month, and CN$1,480,000 by the end of the second month, and so on until the total amount reaches the value of the land mortgaged. The land is then taken over by the lender.

In the most predatory form of loans, a farmer, in addition to high interest, is required to pledge his holdings as security, and simultaneously must sign a contract of sales covering these holdings. The creditor automatically becomes the owner should the loan not be made good.

The same stiuation also exists in Kansu province. The district of Hohsi has been notorious for its high usurious interest loans throughout Chinese history. In addition to "Green Seedling Loans" and forward purchases, a farm laborer there may borrow his wages in advance from his employer at a great discount. If he is supposed to receive three *tou* (10 *tou* equals one picul) of wheat for his labor, he would then receive only one *tou* or, at most, one and a half *tou*.

The same poor farmer may also borrow seed. The usual understanding is that after the harvest, with the exception of the portion of crop earmarked for the repayment of a loan at "one for two," the rest of the crop will be divided equally between the borrower and lender, but always with one condition. That is, the land tax in kind must be paid by the borrower.

In Hohsi, there is a common saying: "We are not afraid of the wolf or tiger, but we tremble at the voice of our creditor."

The impoverished and suffering farmers are not unaware of this exploitation, but when they cannot obtain loans at low interest, these moneylenders are their only resort. As has been pointed out by some observers on the spot, during the first year, the poor farmer lives on a borrowed basis; the second year, he has to sell his house and properties, if any; and the third year, he has to sell his own children whom he can no longer feed, permit his wife to be a laborer and abandon his farm.

As this process of impoverishment of the tenant farmer proceeds, land ownership becomes more concentrated in the hands of a few. Not only the poor farmers, but also the middle classes, are on the path to bankruptcy.

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TEN DAYS IN KAIFENG

Anthony Wang

THIS is an account of 10 days I spent in Kaifeng, from October 24 to November 3, during the time it was taken over by the Communist forces.

Prior to this, although official papers carried headlines reading "Government Never to Give Up Kaifeng," the army, schools and most provincial government offices had been making feverish preparations to move south.

On the morning of the 24th, the railroad station was packed before dawn. The train was a mountain of faces. About three o'clock that afternoon a group of Red soldiers approached the train, and one of them called out: "Friends, throw down your weapons, please." All soldiers on the train hurried to give up their guns, and some started to tear off their uniforms. The Red soldier cried, "Never mind. Don't take off your clothes, friends. You might catch cold."

The policemen had disappeared by early forenoon, and everyone guessed that the Palu would enter soon. Up to the morning of the 25th, however, people could see only a few Reds in the main streets. Some carried guns, some didn't, and I marveled at their carelessness.

Public Meeting

At noon of that day, a meeting was called at the People's Lecture Hall, which had been occupied by the military hospital for years. The audience, numbering about 1,000, was mainly merchants and students. A man in a green cotton uniform was introduced as the defending commander of Kaifeng and gave a long lecture. The gist of it was: "I come here today not to be your master, but your servant. We, the people's liberation army, fight for you and we act for your own good. I am not boasting. Time will be the best proof. If you don't believe me, I don't blame you. You have been cheated before, and you are afraid of being cheated again. My dear friends and countrymen, depend upon it. I swear that we will carry our promises into effect. Whom we serve will soon be shown by fact."

Then the president of the Kaifeng Commercial Association spoke. He said that under the leadership of the people's liberation army and the principle of new democracy everyone, especially the merchants, should do his best and resume business. The meeting broke up about three o'clock.

It was said that the Reds who entered Kaifeng at first were Tu Pa Lu (土八路) with grey uniforms and eight-cornered hats. Although they were not much in evidence, everything was orderly and cinemas and theatres carried on business as usual. The Reds camped in public buildings and seldom talked with people except about political matters. They didn't go to people's homes or borrow things from them.

Street Signs

As to their politics, the first couple of days there were few signs on the streets except for various notices. Later, newspapers, watchwords, slogans, cartoons and war bulletins were pasted everywhere. There were two kinds of newspapers, the *Cheng-chow News* and *Shuh Feng Pao*, both well printed. The former paper was sold for GY 10 cents.

From the signatures on the various notices, we found that there were two mayors, two defense commanders, a political committee, a communications administry and other organizations. Some of the instructions contained in the notices were:

1. Protect any kind of private property.

2. Protect and encourage industry and commerce.

3. Chief criminals should be severely punished; subordinates who repent will be excused.

4. Those who reveal the hiding places of enemy weapons will be rewarded.

5. Teachers and public functionaries who continue to work will receive the same salary as before.

6. All public properties are to be forfeited; private shares of public capital will be protected.

7. Proposals from the people are welcome.

A few days later, I saw the old police at their same posts, with the same uniforms but without the "flying bird" (symbol of police) on their hats. During the changeover, private schools missed only a day's classes, and those students from provincial schools who had been ordered southward resumed their studying. Three schools were available to receive new students: Chung-yuan University, the Literary Work Training Project, and the Political Work Training Project. Textbooks were the same temporarily, but the study of civics was voluntarily omitted by school authorities.

Prices And Money

The most difficult part of those 10 days was in connection with the various banknotes. Prices went up madly and the GY depreciated rapidly, as did Fapi. People thronged to the markets, buying cigarettes, salt, flour, dyes and even meats. The Red authorities made no attempt to limit prices and paid no attention to the situation. On the morning of October 25, one silver coin cost CNC$26,000,000; by November 3, it had gone up to CNC$120,000,000. Silver coin sellers did business openly.

It was around October 28 that the Red Chungchow Farmer's Bank arrived and started business. Then there were several kinds of banknotes: Fapi, GY, Lusi (魯西), Chinan (冀南), Peihai (北海) and Chungchow (中州). The Chungchow banknotes are regarded as the main currency in the Central China military area (中原軍區). Their relation to silver coins is fixed at $200 Chungchow to one silver coin. Although the Chungchow banknotes are badly printed, they can be redeemed in silver coins. The price of silver coins was posted on a board in front of the bank daily. At the end of October, a commercial meeting was called, after which a few big stores, which had closed down weeks before because of the price limitations, were reopened.

During this 10-day period, two incidents occurred. The first was on October 25, when two men pretending to be Palu secret agents swindled a tobacco company of about GY$50. They were put to death the next morning. The second, which happened on the 28th, was also a swindle case and the person guilty was also put to death the next day. After that, the air became tranquil.

Leaving Kaifeng

On November 3, I left for Shengchio. On the road to Chihsien, Red forces were rolling eastward with their cannon, ladders, stretchers and various US made weapons under cover of willow branches. At Hsuchow, a Tu Pa Lu soldier stopped our bus and informed us that GY and Fapi could be exported and medicine and goods in daily use could be imported, but that cigarettes and GY were strictly prohibited from being imported.

Then we hurried on, thinking we could still buy something in Shengchio with the depreciated GY in our pockets. But I'm afraid the poor Shengchio *lao pai hsing* would have been cheated if they held on to the GY.

I arrived in Shanghai with GY$300 hoping to buy a good suit of winter clothes. But it was impossible. Prices went up but my GY remained the same. I am one of the cheated crowd.

What is mentioned above is really true. Most people are living in a small world in which they can see only the cloudy sky and want to be informed of the far world beyond their sight. On account of this, I have written this report.

Chinese Banking And Inflation

Wu Cheng-hsi

(Mr. Wu is the editor-in-chief of the Economic Weekly, and a sub-manager of the National Commercial Bank.)

SINCE the Sino-Japanese war and particularly after the outbreak of the present Civil War the Chinese people have suffered from the consequences of the "printing press" financial policy put into effect by the Government.

Although the rate of inflation has varied greatly in the past 10 years, there is little doubt that it has been growing at a faster pace year after year. Up to the end of the war against Japan, figures show that the increase in CNC notes was only 500 fold (from CN$1,400,000,000 to 700,000,000,000) as compared with pre-war figures. However, from thenceforth the rate was greatly accelerated, and by the end of 1947 it was CN$33,188,000,000,000. By the time the Gold Yuan was brought in, the total amount of Fapi had reached the fabulous figure of 600,000,000,000,000, which is 857 times the figure at the end of the Japanese war.

Within the last three months, despite the new currency, not the slightest improvement has been witnessed. In this brief period, the note issue has gone up 15 times.

Commodity Prices

Undoubtedly inflation is one kind of exploitation of the mass of the people. This can easily be seen by looking at the commodity price indices. By taking commodity prices in Shanghai at the end of 1936 as a base, the price index rose 144,500 fold at the end of 1947, 2,450,000 fold at the end of June 1948, and 8,070,000 fold at the end of August 1948. In other words, within the last 11 years of the CNC era, commodity prices rose 8,070,000 times.

During this same period, one economist estimates, the people lost about US$6,000,000,000 (converting the new issuance of notes by the Government at various periods into US currency based on the then prevailing price indices), of which the overwhelming part was lost after VJ Day.

Except for the Government and its privileged officials, nobody has gained anything out of the inflation. People are inclined to believe that industry and commerce must have made a lot because of the currency depreciation. While this might have been true in the early stages, by the time the inflation entered its final phase, much of their capital had been devoured in the process of production, transportation and marketing. Thus, both industry and commerce are now hard pressed.

As the inflation becomes more prolonged, experience has taught people to have more faith in commodities than in banknotes. Naturally, this has dealt tremendous blows to the banking business.

Few Deposits

First and foremost, it kills off any desire to save money and few people will make deposits. This then makes it impossible for bank deposits to grow in any degree comparable to the rate of inflation. In this connection, the following statistics may be cited:

1) Prior to the war, the ratio between the total bank deposits and the currency issue was about three to one. At present it is just the reverse. The amount of currency greatly exceeds the amount deposited in the banks. For example, at the end of 1947 the ratio was 30 to 34, while at the end of June of this year the ratio was 27 to 250. After the Gold Yuan, the difference became somewhat smaller but the currency in circulation probably still exceeds bank deposits by two to three times;

2) Although the absolute figure on bank deposits is increased somewhat when it is divided by the commodity price index, its real value comes to only a fraction of pre-war deposits. This clearly reveals how bank resources have been tremendously reduced as compared to pre-war days. In addition, the philosophy of preferring commodities to money has greatly accelerated the velocity of the currency circulation, which in turn has made all bank deposits uncertain.

Before the war, fixed deposits consisted of about one half of the total deposits. For some banks, the ration even reached as much as 60 to 70 percent. After the war, this ratio has taken on a significant change until now, current deposits are about 90 percent of the total deposit. Even worse, of the remaining 10 percent, the longest term for fixed deposits hardly exceeds 10 days, while in pre-war days the term for this kind of deposit usually ranged from six months to a year and even longer. This means a great increase in the fluidity of bank deposits which makes it difficult for bank managements to utilize their deposits. A comparatively conservative Shanghai banker now cannot use 70 percent of the total deposits he might have in his bank these days.

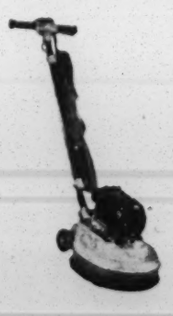
Another fact can be added which will further reveal the fluidity of present deposits. The turnover velocity of currency deposited in Shanghai, based on figures supplied by the research department of the Central Bank, was 20 times for each dollar in January, 38 times in June and 61 times in December of 1947. This year, conditions are believed to be even worse, and it is for this reason that banks today are kept particularly busy and need a much larger staff to handle daily transactions.

Banks Fare Differently

Chinese banks as a whole are now experiencing hard times, and the resources at their disposal are insignificantly small. However, various banks have fared quite differently. All the Government owned banks, which are known to have enjoyed various privileges, have grown, while commercial banks have generally suffered setbacks, especially those with a shorter history and weaker backing.

Before the war, the Government banks and private commercial banks were more or less on an equal footing. However, during the war, Government banks received greater favor while commercial banks have been subjected to constant and sometimes unreasonable restrictions. At present, of the total bank deposits in China, approximately 70 to 90 percent belong to the Government banks.

Although their deposits have been boosted, the Government banks have not shown much interest in making industrial loans. They, especially the Central Bank, are interested mainly in making advances to the Government and in granting loans to State enterprises. With few excep-



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tions have they offered the facilities of re-discount and re-mortgage to the commercial banks as do most Government banks in other countries. Thus, the Government banks in China have failed to perform the function of helping and promoting commercial banks.

In Shanghai there are more than 200 commercial banks, but most of the deposits and banking transactions are concentrated in about 40 of the larger ones. Many small banks, which had a mushroom-like growth during the war and lived mainly on speculation and hoarding, are now facing a grave crisis and in all probability will have to be liquidated or amalgamated.

The foreign banks in Shanghai still occupy an important position in the banking world and possess around 12 to 20 percent of the total deposits of all commercial banks in the city. However, they, too, have lost much of their prewar predominance.

Rising Interest Rates

In the course of inflation, people try to make money by borrowing it. As a result, the interest rates rise. The Chinese Government's policy has been to suppress these high interest rates. It has not permitted Government banks to make high interest loans, and it has tried to restrict commercial banks from adjusting their interest rates according to market conditions. Hence, in the past few years interest rates have differed widely.

Generally speaking, the Government banks have offered the lowest interest rates, and law-abiding commercial banks have charged the rates allowed by the Government. On the other hand, smaller banks and underground financial institutions usually have demanded a much higher interest rate which has played a decidedly important role in determining the money market.

To sum up, China's inflation has crippled her industry and commerce. In the process, the commercial banks have lost much of their former importance, and there have sprung up a number of small banks whose existence is merely superfluous. The Government banks form a group of their own, but so far have done little in the way of helping the country's industry and commerce. The entire Chinese banking system today is full of shortcomings, and when peace comes it will need much rectification.

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The Week's Business

THROUGHOUT the week ending Wednesday, December 29, business in Shanghai was both erratic and slow. Local commercial news in general was not favorable either, as several mills were reported to have decreased their respective staffs, while paper plants approached the Social Affairs Bureau for permission to close down. The Kiangnan Paper Mill, one of the important local factories in that line, actually decided to suspend operations as from December 31.

Meanwhile, it was announced on December 28 that the police bureau would increase its market control on the grounds that increasing prices were caused by speculation on both the commodity and exchange markets. On the commodity markets, food prices went up 20.71 percent within a week (ending December 25), while the clothing price index showed a 14.44 percent advance.

Generally, the money market was easy, but money lenders refused to grant loans for periods longer than a fortnight. Idle funds, therefore, were utilized on the black market with interest in shares being less intensive than in foreign exchange. During the second half of the week under review, the tendency on the money market changed and money lenders charged up to 70 percent per month.

Although news from the various fronts indicated that the Communist advance slowed down in tempo, exporters were not eager to invest funds in the interior. In other words, amounts paid in advance to the purchasing agents of Shanghai exporters decreased drastically and in some fields actually came to a standstill.

Businessmen here were particularly interested in new economic movements reported from South China and Taiwan. News from Canton had it that "a new economic organ" was established under the chairmanship of Dr. T. V. Soong, the governor of Kwangtung Province. The new "organ" is supposed to regulate imports and exports, to boost production and—to assist in the distribution of American Aid funds and supplies.

As to Taiwan, reports stated that the Provincial Council there had approached the Central Government with a view to obtaining permission to handle foreign exchange matters independently. As the interest of Shanghai and Tientsin businessmen in trade with Taiwan has grown considerably, the above news item was considered important.

In spite of the drastic price increases recently realized in Shanghai, businessmen arriving here from Tientsin during the week under review said local rates were extremely favorable compared with Tientsin's commodity prices. While prices of real estate (including key-money) there have decreased tremendously, commodity prices have advanced to such an extent that even the highest Shanghai prices appear modest, they asserted.

Trading with the North is practically at a standstill. Rumors have it that cargo is being shipped directly from Hongkong to Tientsin, but no confirmation was available. On the other hand, it was reported that goods are being "smuggled" to Taiwan; as the island has its own currency, the shipping of cargo from the mainland to a Taiwanese port without special permission is considered illegal. Nevertheless, the belief that Taiwan is a comparatively safe place apparently has prompted many people not only to send their families to the island and to buy real estate there, but has also encouraged businessmen to ship goods there without asking for the necessary permit.

Throughout the week under review, the Certificate rate went up almost in concert with the black market rate, reaching GY118 on December 28. While that rate enabled exporters to ship locally stored goods, buying in the hinterland remained slow. Meanwhile, the "official" dollar rate still announced by the Central Bank again was GY20 and that of the pound Sterling GY60.

According to information published on December 28, a further shipment of American cotton will be supplied through ECA. As in previous cases, goods manufactured from such supplies are intended for export. Local business quarters presumed that the bulk of the new raw cotton shipments will be directed to South China.

On the last day under review, December 29, the foreign exchange market again became erratic with both the Certificate rate and the blackmarket rates declining. It was said that one of the main reasons was heavy offering of Certificates by the Central of Bank on the market. The same day, the gold rate dropped on the open market; the rate had reached GY8,000 at about noon but came down to GY6,000 in the afternoon. In the case of gold, the decline of the open market rate was allegedly caused by heavy sales by the Central Bank on the open market.

On the textile markets, business was extremely slow during the last two days under review. It was rumored that one of the large textile companies had started to transfer mill equipment to the Philippines. While it was said that the value of such shipments is going to reach almost US$15,000,000, textile men doubted that the actual value would be even half as much.

NEWS OF THE WEEK

All Quiet On China's War Fronts; Govt. Wants "Honorable Peace"

CHINA'S war front was significantly quiet during the past week. In North China, both General Fu Tso-yi and the Reds seemed to be playing a wait-and-see game. The Nationalists began a "systematic withdrawal" from Kalgan on December 23, leaving all factories and Government property intact to be taken over by the Reds. According to an official version, "all factories as well as material supplies, manufactured goods and equipment were properly inventoried before withdrawal, and specially designated agents were detailed to hand the lists to the bandits because the installations form part of the national wealth and public property." Two Nationalist divisions at Hsinpaoan, 45 miles south of Kalgan, also evacuated to a new place. The reason given by a spokesman for General Fu Tso-yi's headquarters was that the withdrawal was made "in order to avoid loss of life and people's property."

In Tientsin, the situation was somewhat different. It was reported in the press that the whole town of Yihsingfu, about six miles north of Tientsin with a population of 2,800, was set on fire by the Nationalists. It was further disclosed that several other villages in Tientsin's suburbs also have been razed to the ground by the Nationalists. All these destroyed areas are well within the firing range of Nationalist gun positions mounted along Tientsin's protection dam.

Meanwhile fighting at Tanku was said to be fierce, with the Nationalists using many factory premises as strongholds. Chinese professors and pro-Government papers published in Tientsin joined in appealing to the military authorities to do everything possible to preserve Tientsin and avoid irresponsible destruction.

* * *

Open City

THE professors reminded the Nationalist commanders of the fact that in previous wars since the advent of the Chinese Republic, schools and factories had never been used as bases for artillery emplacements, as is happening today. It was further pointed out that "cultural and industrial establishments come from the wealth of the people and therefore must be preserved for them." The preservation of the mines at Tongshan was hailed as being in line with this policy. The professors deplored the forcible occupation of school buildings in Tientsin by Nationalist troops. The Catholic organ, *Yi Shih Pao*, voiced its strong opposition to the destruction of public property, saying: "Nothing is more stupid than material destruction by warfare today when China ought to stand on the threshold of national reconstruction."

A large group of civic leaders in Tientsin addressed an appeal to General Fu Tso-yi to make Tientsin an open city, saying: "We view with grave concern the movement of troops into the heart of the city and the preparations that are being made for street fighting....While we are confident that proper plans are being made to safeguard the city, we feel obliged to request and propose that, inasmuch as Tientsin is a place where Chinese and foreigners intermingle and live together and a port which pulsates with the life of commerce and industry upon which depend the livelihood of the people as well as the strength of the country, the city should be declared an open city and the armed forces cleared off its limits and garrisoned in the outskirts so that the ravages of war be reduced to a minimum."

The British and American Chambers of Commerce in Tientsin also addressed separate letters to high Government officials, giving their "strongest suppport" to the appeal made by Chinese leaders.

* * *

Lull Before Storm

THE Pengpu front was ominously quiet during the last week. Latest press reports indicate that Nationalist armies around Pengpu have been shifted southward to strengthen the defence of the Yangtze instead of fighting their way northward to effect a junction with General Tu Yu-ming's army groups which have been bottled up south of Hsuchow. It was reported that three government armies were on their way to northern Kiangsu to reinforce the defense along the Grand Canal. These three armies belong to General Li Yen-nien's Sixth Group and Hu Lien's 18th group.

Meanwhile, the Eighth Army Group was arriving in Nanking from Pengpu to organize a new defense line against the Communists along the Yangtze River and defend the capital to the last. General Tang En-po, commander of the Eighth Army Group, has already set up his headquarters in Nanking. At Hankow, new orders have been given to two other Nationalist armies to hold the river line and not to attempt to fulfill earlier orders to move north and engage the Communists.

Observers said the withdrawal of the Eighth Army was a major change in Nationalist defense strategy, indicating that they are preparing to fall back for the siege of Nanking and Hankow if General Liu Po-cheng succeeds in penetrating the Hwai River line. Observers said they believed Liu was busy bringing up food and other supplies for his next expected onslaught across the river, which might bring his forces in behind Nanking in 10 days. Other sources thought it possible that the Communists would delay their attack on the capital until spring, concentrating their efforts on eliminating remnants of the Hsuchow garrison encircled by General Chen Yi's Communist forces 70 miles north of Pengpu.

The exact whereabouts of Liu Po-cheng have caused much speculation. Nationalist generals who are in charge of the defense of the metropolitan Nanking-Shanghai area are speculating on the whereabouts of the one-eyed Communist strategist. It is said that he and his troops have seemingly disappeared. His last known position before his fade-out was to the northwest of Pengpu, where he knocked out Nationalist General Huang Wei's 12th Army Group. Is Liu regrouping, or have his troops already started on some new threat to the Yangtze? Whatever the answer, inquiries have revealed that government defense chiefs don't have it just yet.

However, competent observers are inclined to believe that the Reds are apparently regrouping and deploying their units for a determined drive toward the Nanking-Shanghai area.

* * *

Peace Or War?

THE past week saw much talk about possible resumption of peace talks with the Chinese Communists. In addition to expressing his desire for an "honorable peace", Sun Fo told the first meeting of his newly-formed cabinet that the "ultimate aim" of the civil war against the Communists is "peace," and added China could not rely on foreign aid to obtain that aim.

General Wu Te-chen, vice president of the Executive Yuan and concurrently foreign minister, told the press that the only object of the new government is to continue the fight on the Communists until they sue for peace. He stressed: "This is going to be an all-out effort. Everything necessary to continue the war against the Communists will be done. We are going to keep on fighting until it will be the Reds who ask for peace."

Reuter reported that the Kuomintang is now susceptible to a peaceful settlement of China's Civil War, but it looks elsewhere for the initiative to be taken to bring about a compromise between the opposing parties. A top leader of the right-wing of the Kuomintang told *Reuter* that he conceded peace with the Communists was a possibility, no matter how re-

mote, and that third party mediation would be required to start peace negotiations, with such initiative coming from one or preferably more foreign governments—meaning the United States, the Soviet Russia and possibly Britain. The official dismissed the possibility of the initiative being taken by the Nationalist Government, stating that any such move would result in the complete collapse of its war effort and disintegration of Nationalist morale.

Chen Li-fu told the *United Press* that the United States could still use peaceful methods to stem the Communist tide in China. Chen said quite significantly: "We realize that it is pretty late, but there is still time to stop Communism and not necessarily by war, but by peaceful methods."

* * *

Prospects Said Dim

IN spite of this openly stated desire for peace negotiations among government leaders in Nanking, it is generally felt that the prospects of peace are rather dim. *UP* reported December 26 from Nanking:

"Possibility of negotiated peace between China's two warring factions is now the main topic of private discussion in Nanking, with the majority of qualified observers maintaining that its prospects are extremely slim. Though the policy of Sun Fo's new cabinet remains to be formulated, its keynote undoubtedly is peace, and means to attain it have been outlined as 'war for peace'. Under the new policy the government is expected to strengthen its war effort to a point that would make it appear impossible for the Communists to overthrow it by force. This is calculated to make the Communists themselves feel also the desirability of a political settlement. This represents a radical change from the former government program of 'warring to wipe out the Communists.' Its main aim is considered to be to avert total collapse of the Nationalists, who now themselves are the ones likely to be wiped out. Qualified political observers, though generally agreed that it is probably the only course available to fight off impending total collapse, considered it a most dangerous course to take. It is pointed out the government's willingness for resumption of peace talks is likely further to lower the already sagging fighting morale of Nationalist forces and may hasten the fall of the government if it is not handled with care."

The possibility of third party mediation is ruled out under present conditions. It is generally believed neither the United States nor Soviet Russia is willing now to get involved in the political mess in China in view of what has happened in China since V-J Day.

Although the Chinese Communists have not yet announced their attitude toward the present peace talks, their action in broadcasting a list of 45 "war criminals" is generally interpreted as an indirect answer. Since the blacklist contains the names of most of the responsible leaders of Sun Fo's new cabinet, it is of course unthinkable that the Reds are willing to close a deal with those people whom they call "war criminals."

AP reported December 27 from Nanking: "The Communists have definitely closed the door on any hope of ending the war by negotiation and served notice on Chiang Kai-shek to face trial by a people's court.....In view of the Communist declaration it is unlikely that any of those officials and generals listed as war criminals would be willing to participate in negotiations. The only choice left them is to fight or flee.

* * *

Peace Feelers

GENERAL Li Chi-sen, leader of the anti-Nanking section of the Kuomintang in Hongkong, claimed that Sun Fo had recently sent an emissary to see him to sound out peace terms, according to press reports. Li asserted that he told the emissary there could be no basis for talks between the Communists and the Nationalists as equals. He said he had advised the Nanking emissary that Sun Fo's cabinet must first take concrete action such as halting the fighting, releasing political prisoners and abolishing repressive laws, preserve industrial and commercial enterprises to facilitate the Communist take-over and work for the Gimo's downfall.

Li's claim, however, was stoutly denied by Sun Fo.

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The Review's English Lesson—LXIV

THIS week, space permitting, we shall try to cover the many questions submitted by Mr. John Hsu, of Kwangtung. Mr. Hsu has written not one, but two letters, and we appreciate his interest in these lessons. He suggests that we select from each issue of the *Review* idiomatic expressions, and explain them in the following issue. This idea has its merits, but it has its drawbacks too. The *Review* is full of idiomatic expressions that cause much difficulty to the student of English, as shown by the letters we receive. But the great difficulty in our selecting these is that we might hit upon the very ones known to most or all of our readers, and omit those most wanted. We still think the best way is for you to write in your specific questions.

Mr. Hsu goes on to say that he prefers not to have literary passages analyzed in these Lessons, since he wants to learn current idiomatic English. We have not gone into the literary field recently, and agree with Mr. Hsu that these Lessons will best serve your interests if we confine them to a discussion of difficult terms appearing in this magazine. What do the rest of you think about this?

Squatting on: Literally, sitting down on the heels; also, to occupy land without title or permission. In this sentence, "Chinese citizens squatting on.....assets held in Hong Kong", the phrase connotes a close, suspicious, guarded attitude on the part of those holding the assets. It also suggests that the assets were possibly not acquired in a strictly legal manner.

Blue in the face: Change of color from excessive exertion, cold, or shouting, etc.: figuratively, "blue". In the sentence, "The Central Government may pass regulations until it is blue in the face," the idea is that the Government may exhaust itself issuing new laws (the sentence as given is incomplete; the conclusion is that these regulations will not achieve the desired result.) "You may talk until you are blue in the face, but you won't change his ideas."

Dilly-dally, half-and-half, mealy-mouthed: To dilly-dally is to postpone, procrastinate, put off; half-and-half expresses action that is half-hearted, ineffective, indecisive; mealy-mouthed means hypocritical, saying fine things without meaning them.

Getting somewhere: To get somewhere is to proceed according to plan, or in the desired direction. In the sentence, "The people are capable of getting somewhere if allowed a new set of rules," the meaning is that they would succeed if there were different regulations.

Soft touch: An "easy mark"; a person who agrees too easily, or sympathizes too quickly, with a story. In the sentence, "China's students, like some others, are occasionally soft touches for phrases which conceal meaning," "soft touches" means that the students are sometimes too credulous of slogans put out to confuse them.

Dragging a red herring across the trail: Introducing a misleading issue into an argument, to distract one's opponents. Literally, the idea is to lead the pursuing dogs off onto a false scent by means of a stronger scent.

Someone to take the rap: Gangster parlance for "whipping boy"; a person punished for another's misdeeds.

Toss into their laps: As, "The problem was tossed into their laps." They were confronted suddenly with a problem; usually suggests that the question, problem, or difficulty is embarrassing because it is a public one.

Overhead expenses: "Overhead", in business, denotes those general charges which cannot be charged to any particular part of the work or product, such as rent. "Expenses" is redundant, since "overhead" means such expenses.

Hold the imagination: To seize upon, attract, the mind. An absorbing idea might be said to hold one's imagination.

If and when: Refers to some future event, which may or may not occur, and the time of its occurrence. Adding the "when" does not particularly emphasize the uncertainty of the phrase, but usually indicates that a second occurrence depends upon a first. "If and when he marries, he will move to a larger house." It is not sure that he will marry; but when he does, he will move.

Quasi-tenant, sub-tenant: "Quasi" means in some manner or degree; as if; seeming; apparent. A "tenant" is a dweller, occupant; one who holds property. It is not clear how someone could be a "quasi-tenant", although one of our legally-minded readers might explain this. A "subtenant" is one who rents from a tenant.

Of: As in, "The internment of Mr. X took place yesterday." "Of" is properly used here, although somewhat awkwardly. To denote posession, one could also say, "The book of Mr. X," or "The illness of Mr. X," but it is easier and better to say, "Mr. X's internment," "Mr. X's book," "Mr. X's illness," etc.

Vacuum flask—thermos bottle: The same; the former is the British, the latter the American, term.

Chinese Magazine Roundup

University Review

THE *University Review* of December 24 calls the attention of the United States Government to the fact that any further American aid to Nanking would do more harm than good under present conditions.

The magazine writes: "American aid has become a very important factor in sustaining China's Civil War. This is a stubborn fact, well known to the Chinese people. It also is generally accepted that Washington has sent aid to China in America's self-interest and not out of consideration for the welfare of the Chinese people. This is the reason why the United States has so far insisted on backing one side in China's Civil War. But the events of the past three years have proved that, although the interests of the Chinese people have been impaired, America's self-interest has suffered instead of benefited. The reason is quite simple. To support a corrupt and inefficient government is like pouring the precious money of American taxpayers down a rathole. Moreover, in supporting the war which is bitterly resented by the Chinese the United States has incurred the enmity of the Chinese people. If this kind of meddling in China's internal affairs should result in World War III, it would present a direct threat to the interest of the American people because American youths would be required to fight in such a war.

"It cannot be said that all these facts have been ignored by the Americans. Recently, Professor Peffer pointed out in an article about China that continued American aid to China would not only embitter the Chinese people but also impair America's self-interest and that the best policy for the present is to watch the Chinese situation closely without taking any action. This view is rather typical of the recent trend in American public opinion.

"As the result of recent developments, it is time the United States reconsidered its China policy . . . If the United States continues to support China's war, there is little room for doubt that it will arouse the bitterness and hostility of the peace-loving and democracy-loving people in China. If all the Chinese people turn anti-American it would be utterly impossible to set up a pro-American government. If the United States Government has vision, it should do its utmost to redefine its policy toward China.

"In extending aid to China, the United States must see to it that the recipient be not a rotten, corrupt and incompetent government, but the Chinese people. It must be clearly understood that American aid to China should be intended to push forward China's peaceful reconstruction and not to sustain China's Civil War. American aid to Western Europe in the past has produced results which are quite different from what has happened in this country.

"Present indications are that there has been a general change of attitude in American public opinion. But the United States Government appears hesitant and vacillating. In America's interest, as well as in the interest of the Chinese people, we take the liberty of offering the above piece of advice to our American friends."

* * *

China News

THE *China News* magazine of December 30 prints a highly interesting "inside story" on the series of difficulties Sun Fo has experienced in forming his new cabinet and points out that the political set-up finally decided upon is far short of previous expectations.

"When Sun Fo was appointed premier in succession to Wong Wen-hao," the magazine writes, "his original plan was to form a multi-party coalition cabinet, with the Kuomintang serving as the core, by including Madame Sun Yat-sen, Dr. Hu Shih, Mr. Huang Yen-p'ei of the Vocational Education Group, Carson Chang of the Democratic Socialists, and Li Huang of the Young China Party, as well as all top leaders of the various cliques of the Kuomintang. Sun hoped to contact all anti-Nanking groups in Hongkong through the intermediary efforts of Madame Sun Yat-sen and Huang Yen-p'ei. If he could have succeeded in bringing back to the fold of the Kuomintang General Li Chi-sen, General Tsai Ting-kai and others, he would have rallied them under his coalition cabinet, which would then have embraced all parties and factions with the exception of the Chinese Communists and the outlawed Democratic League. Thus, it would have been impossible for the Communists to hold their much-advertised New Political Consultative Conference. It was for this reason that Sun Fo talked about the formation of a 'national coalition cabinet' immediately after his nomination.

"But after talking the matter over with Madame Sun Yat-sen, Sun Fo began to understand that a great difference in views still existed between them. Madame Sun displayed no interest at all in politics and insisted that negotiations be carried on with the Chinese Communists for a cessation of hostilities before other problems could be discussed. This was, of course, tantamount to rejecting Sun Fo's invitation.

"Sun Fo planned to invite Huang Yen-p'ei to serve as minister of education in his new cabinet. But Huang declined the offer. It is said that Huang took shelter at the home of one of Shanghai's big shots in order to keep away from Sun's representative. Huang's continued stay in Shanghai since the dissolution of the Democratic League has caused much dissatisfaction among certain radical leaders of the League in Hongkong. In view of the fact that the Communists are gaining the upper hand, Huang certainly would not have been fool enough to fall into Sun Fo's trap.

"The refusals of Madame Sun Yat-sen and Mr. Huang Yen-p'ei to join Sun Fo's cabinet dashed to the ground Sun's dream of forming a multi-party coalition cabinet.

"Then Sun Fo changed his plan to one of forming a powerful Kuomintang cabinet—a cabinet to be composed of the leaders of the different cliques inside the Kuomintang. In order to carry out what is called a war-time system and increase administrative efficiency, it is reported that Sun Fo thought of enlarging the authority of the Executive Yuan and simplifying the government structure by merging the Ministry of Industry and Commerce, the Ministry of Food, the Ministry of Communications, the National Resources Commission and the Ministry of Finance into a new Ministry of Economic Warfare under Wong Wen-hao, and absorbing the Ministry of Education, the Ministry of Health, the Ministry of Social Affairs, the Ministry of Agriculture and Forestry and the Ministry of Land into a Ministry of Internal Affairs under Chen Li-fu. Sun Fo also planned to dump the Overseas Chinese Affairs Department and the Press Bureau of the Kuomintang into the Ministry of Foreign Affairs under General Chang Chun. It was understood that Sun planned to appoint General Chang Chih-chung his minister of national defense and Elder Statesman Shao Li-tze deputy premier.

"In short, Sun's planned big shot cabinet was to be composed of General Chang Chun and Wong Wen-hao of the Political Science Group; Chen Li-fu of the CC Clique; and General Chang Chih-chung and Shao Li-tze, who headed the peace group. But again his plan fell through. Shao Li-tze bluntly refused on the ground that Sun had not yet fixed his policy on peace or war. At the same time, other leaders also indicated their reluctance to work under Sun. It was for this reason that Sun preferred to stay in the hospital under the pretext of leg trouble."

As regards the final line-up of Sun Fo's new cabinet, the magazine points out that although there are many new names in the cabinet, they are not new men at all and most of them have been subordinates of Sun Fo for a long time. The only significant thing about the cabinet, according to the magazine, is that the number of saber-rattlers in the new cabinet has been reduced. Of particular significance, it concluded, was the appointment of General Hsu Yung-chang as minister of national defense, because General Hsu was one of the Kuomintang representatives in conducting negotiations with the Communists.

US Magazine Roundup

Pacific Affairs

PROFESSOR D. B. Copland, former Australian Ambassador to China, discusses "United States Policy in China" in the December, 1948, issue of *Pacific Affairs*.

He says: "In the days of its isolation the United States was able to claim that it was disinterested in the economic and political affairs of East Asia. It had never been a party to the infiltration by the countries of Western Europe, and up to 1919 by Russia, which resulted in a steadily increasing encroachment on the sovereignty of China and of other countries in the area. It was not suspect of having colonial or territorial ambitions, and the taint of imperialism had not besmirched its reputation. The Philippines was its only adventure, and it could claim that its policy there had been consistently to foster an independent republic which is now a reality. Its outposts, such as Guam and Wake, were not fortified despite the uneasiness that the United States felt concerning the growing menace of Japan. It sought to deal with this problem through liberal diplomacy, relying upon its efforts to promote international understanding and amity to stave off disaster. At no time did the United States associate itself with the methods and aspirations of the European nations to bring the countries of the East under the hegemony of Western Europe.

"It is true that the United States was expanding its trade with Eastern countries, and that in some places, especially in China, it benefited by the activities of the European countries that had penetrated to the heart of China in the days of the concessions. But American trade was done on the basis of a quick turnover for a good profit and had little fixed investment. In this, as in other matters, the policy of the United States was passive or negative, and in a way the country got the best of both worlds for a time . . . The United States thus had an enviable reputation for disinterested service at a time when the Eastern world was being animated by a desire to throw off the shackles of colonial imperialism.

New Role

"This was broadly the position of the United States when it was plunged into the greatest Pacific war in history, and found itself largely responsible for upholding Western influence in the East against the Japanese. At the end of the war it was inevitably committed to a completely new role in the East. There were four main reasons for this. First, the United States felt that it had special responsibility for the occupation of Japan and for the establishment of conditions that would make peace in the Pacific a reality. Secondly, there was the spectre of Russia, now potentially the most powerful European state in the East, and fortified in this by the terms of the Yalta Agreement. Thirdly, China and the countries of Southeast Asia, which were moving uneasily to a new political status and whose economic systems had been disorganized by war, needed assistance if they were to win through to economic independence and political stability. Finally, the war had left the United States with many new and highly strategic territories to administer . . . All this involved a far bolder conception of American foreign policy in the East than had been contemplated a few years before."

America's new role was beset with many difficulties, Professor Copland continues. First, the tension between Russia and the United States was reflected in the Far East to the extent that the problems there could not be solved solely on their own merits. Next, the Nationalists and Communists proved "far less tractable" in reaching agreement than had been expected. And, finally, American policy in Japan was coming in for a good deal of criticism.

As a result, America's stock of goodwill began to be dissipated, and "by the end of 1947 the Americans were just as unpopular in China as the Europeans who were still living down their imperialistic past, while American policy in Japan had given rise to much suspicion that the objective was to counter Russia rather than to provide the basis of a durable peace in the Pacific."

US Concern

After discussing Russo-American relations as they bear upon the determination of US policy in Japan and China, Professor Copland asks: "How does this affect the American desire that 'a strong, united and democratic' China should be established? The United States does not see this emerging from a Communist China, and it fears the growing power of the Chinese Communists as a victory in the East for an ideology that will challenge its own ideals of democracy. There is no doubt that the American authorities in China are gravely concerned about the inability of the Chinese Government to combat the menace of the Communists, and that they have exercised their influence continuously to encourage the Chinese authorities to proceed on liberal lines and to concern themselves more with correcting their own faults than with trying to suppress their opponents by force. Unfortunately, well-meaning but uninformed people in the United States have been able to undermine any show of strength by Americans on the spot in China to induce the Kuomintang Party to put its house in order. The result is that the United States has to work through the present Chinese administration with all of its faults and weaknesses. There are of course many views on the policy of the present Chinese Government, as there are on the policy of governments the world over. It has been confronted with great difficulties since the war, and it has attempted the impossible task of introducing a democratic structure in the midst of an acute internal conflict. . . . It has, however, made the serious mistake of assuming that the internal conflict which now divides China can be settled by force. To the extent that the United States has supported this belief the verdict of history will go against it."

Change Needed

Pointing out that the Chinese Civil War illustrates the need for essential change in the Chinese social structure, Professor Copland continues: "If American policy in China supports the continuance of the armed struggle, it will be regarded in many circles both inside and outside China as propping up a regime which has long since lost its revolutionary zeal, and which derives its authority from forces opposed to fundamental reform in China. . . .

"In theory, American policy is based upon the support of a free, democratic and capitalist China as opposed to Communist authoritarianism. In actual fact, China still contains strong elements of the feudal structure, and the capitalist progress is all too frequently on the lines of monopolies supported by the State and referred to in terms of opprobrium by Chinese radicals as 'bureaucratic capitalism.'

"For the moment, the National Government itself does not seem able to resist the onward march of ideas promoted by the Communists, nor to be able or willing to promote reforms within the territory controlled by it. Thus the United States in China appears to have lapsed into the position of supporting a regime which conforms neither to its ideas of efficiency nor to its devotion to liberal democracy. The full implications of this situation are masked by the 'stop-the-Reds' hysteria, which unfortunately has played so large a part recently in moulding American public opinion. There is no doubt that the Department of State and the representatives of the United States in China are fully aware of the difficulties created by this situation, and it is a great pity for the future of American interests throughout the whole of East Asia that public opinion in the United States does not give them more encouragement in the objectives at which they aimed originally and which they have so far failed to attain."

What Chinese Papers Say

THE political line-up of Sun Fo's new cabinet and its policies were received by the Chinese press with marked coolness mixed with skepticism. The reported arming of Japan under the auspices of the United States was violently opposed.

* * *

New Cabinet

THE *Shun Pao* expressed grave doubts as to the chance of success in securing an "honorable peace" as suggested by Sun Fo.

The paper wrote: "It is rather difficult to give a correct definition of the term 'honorable peace'. What is regarded as honorable by one of the two warring parties may not be acceptable to the other. The government has so far reiterated that the Communists are engaged in rebellions and that suppression of the rebellions has been undertaken for the defence of the nation. If peace is restored before the rebellions are stamped out how are the leaders to explain their former attitude? How can they face those martyrs who have given up their lives in the bandit-suppression campaign?

"Moreover, to this ambiguous statement on honorable peace, the Communists have not yet made any reaction. The anti-Nanking cliques in Hongkong, who act as vanguards for the Communists, have issued a statement rejecting compromise. . .

"There must be a goal whenever one does anything. This is particullarly the case with forming a cabinet. What kind of cabinet is the one now headed by Sun Fo? A war cabinet or a peace cabinet? Or a cabinet that attempts to prosecute the war and negotiate for peace at the same time? Or a cabinet that will neither fight nor talk peace? It is certainly no policy if the Government will neither fight nor talk peace. It is equally absurd to carry on the war and negotiate for peace at the same time. Thus, the choice before Sun's cabinet is one between war and peace.

"Sun stressed in his public statement to foreign correspondents that the war would be continued, that his cabinet was not a surrender cabinet and that the government was determined to suppress the bandits. This statement, it would appear, indicated that his cabinet is a 100 percent war cabinet. Such being the case, why should he have talked about an honorable peace? It must be clearly understood that honorable peace can be secured through strengthening the war effort. It would indeed be a miracle if honorable peace could be had for the asking."

The *Sin Wen Pao* expressed the hope that Sun Fo's new cabinet will attach great importance to the welfare of the Chinese people in formulating its policies.

"The Chinese people have suffered terribly from military operations," the paper said. "The people dare not argue with government officials over theoretical matters. In the past, the people were afraid of the government, and especially of high-placed government officials. They dared not make any suggestions or recommendations. Theirs was simply to obey orders and put up with suffering and misery. . .

"Our judgment of the Government today is based on whether or not the government keeps the welfare of the people in mind, whether or not the measures undertaken by the government are designed to serve the people. The people all over the country are in hot water and they don't care who the premier is. What they want to ask first is whether those in charge of the government are living the life of the common people and doing their best to look after the interest of the people."

The *Ta Kung Pao* also stressed the point that Sun Fo's cabinet should leave no stone unturned in seeking to improve the lot of the Chinese people.

"The birth of the new cabinet takes place at a time when the general situation is most critical," it said. "In assuming the heavy responsibility for the formation of a cabinet, Dr. Sun Fo's courage deserves respect. We trust that, in addition to courage, Dr. Sun will have the determination to solve some urgent problems and alleviate the suffering of the people. This is necessary in view of the extreme seriousness of the current situation."

* * *

Arming Japan

THE reported accelerated arming of Japan to resist Communist expansion in the Far East as the result of the recent developments in China was opposed by most Chinese papers. The *Shun Pao* said: "Because of geographical propinquity, China will be the first to suffer if militarism is allowed to revive in Japan. Therefore we strongly protest against the American plan to step up the rearmament of Japan.

"Recently, talk about positive US aid in rebuilding Japan has been in the air. American official circles and the American press openly advocate the rebuilding of Japan. Some have gone so far as to argue that recovery in Japan will benefit the Far East as a whole. Steps have already been taken to rearm Japan, politically, economically and ideologically, as well as militarily. Japanese militarism and chauvinism are on the march again. According to a *UP* story dated December 13 from Washington, the United States is thinking of creating an armed police force in Japan with 100,000 to 150,000 men for the reported object of preventing Japan from becoming a vacuum when the Occupation forces have withdrawn. America's only fear at this time is that Russia will certainly oppose such a proposal when it comes up for discussion at the Far Eastern Commission. We wish to point out that since the American plan constitutes a direct threat to peace and stability in the Far East and runs counter to the Potsdam Declaration, it will be resisted by all the nations on the Far Eastern Commission with the exception of the United States.

"As the basic policy of Allied control of Japan is based on the Potsdam Declaration and the decisions of the Far Eastern Commission, we feel that the future peace treaty with Japan should be concluded along similar lines. We are all aware of the fact that SCAP, though nominally an organ for executing the policy of the Far Eastern Commission concerning the occupation and control of Japan, has been working so far only in the interest of one nation and that the many measures it has taken in dealing with Japan are at variance with the Potsdam Declaration and the policy of the Far Eastern Commission.

"In her capacity as one of the Allied powers who are responsible for the controlling of Japan, China should take diplomatic moves to protest against General Eichelberger's mistaken suggestion about rearming the Japanese police force. We cannot afford to look on while the Americans proceed with rearming the Japanese. Sun Fo's new cabinet must do something about it right away."

The *Sin Wen Pao* also raised objections to General Douglas MacArthur's plan to make Japan a base in the Far East, saying:

"General MacArthur recently wrote to Japanese Premier Yoshida, stressing the importance of bringing about a 'rapid stabilization of the economic situation with a view to turning Japan into a citadel against the spread of malicious and destructive ideological forces.' It is quite clear that General MacArthur, in anticipation of future developments in the Far East, would like to transform Japan into an anti-Communist citadel in this part of the world. All signs seem to be pointing to the fact that US policy consists in building up Japan into a strong strategic base. As the United States has made up her mind to write off China, it is only logical that Japan is going to play a much more important role in the future."

The paper deplored the lack of vision on the part of American policy-makers, who, it charged, are "courting trouble in insisting on building up Japan and Germany in defiance of world public opinion."

What US Papers Say

RENEWAL of hostilities between the Dutch and the Indonesian Republic became the main topic of interest in American editorials. In the main, these editorials continued to be highly critical of the Dutch military action. Aside from space devoted to Indonesia, the editorial spotlight continued to be focused on the situation in China, with particular stress on a possible coalition government.

* * *

Great Tragedy

THE *New York Herald-Tribune* said in part: "The return of a state of war in Indonesia is a great tragedy and one which may bring other tragedies in its train. An example of the costly and interminable struggle in Indonesia is a grim warning of the difficulties which European countries have encountered when they were unable to come to terms with the present nationalism of the East.

"On the other hand, however, the unhappy condition of Burma does not suggest that abandonment of colonial responsibilities has, in every case, produced results which opponents of imperialism would hope to achieve, while the relative success of the Dutch program outside Java and the weakness of the Indonesian Republic (which apparently was prepared to set up a government in exile in India at the first Dutch thrust) hints that Dutch military force, wisely used, could bring a fruitful and instructive period of stability and semi-autonomy to Java.

"Under the circumstances, knowing that previous 'police action' had brought speedy victories over the Republican forces until the UN ordered a truce, the Dutch struck. It would be easy to condemn them, but difficult to suggest any practicable alternative to their action. The world at large which, through the UN, has been unable to do more than urge negotiation, and more negotiation, can now only watch as the Dutch seek their own solution."

The *Denver Post* said: "Actually, there undoubtedly have been many infringements of the truce by hot-blooded Indonesians. And the Indonesian Republic may be difficult to deal with, for it is determined to achieve independence. Yet the Dutch have no excuse for this action." . . .

The *Baltimore Sun*: "From the outset the sincerity of the Dutch has been doubted by Republicans in Indonesia. The question now is how, in the light of the use of military force, the Netherlands can maintain a new position before world opinion."

The Minneapolis Star: "The best interest of all parties concerned would be if the Security Council would press immediately for a negotiated settlement."

The Cleveland Plain Dealer: "Whatever the means, resumption of the war between the Dutch and the Republic of Indonesia brings only regret to the heart of the world..... While the Security Council can do little by issuing pontifical orders, it might take on a measure of responsibility by using its personnel in an effort to affect an adjustment. The attempt is worth making."

The Hartford Courant: "....The Dutch have resorted to warfare in direct and cynical violation of a pledge they made to the United Nations last January 16.....However justified the Dutch may feel, they are bucking a surging tide of nationalism that is sweeping all Asiatic peoples. That tide cannot be swept back by superior strength.....We shall have to hope that the Security Council... can patch up a truce again as it did in 1947. Only if it does can the economic needs of the Dutch and the determination of the Indonesians to be free be kept in delicate balance."

* * *

Coalition Government

AMERICAN papers expressed believe that a coalition government for China was inevitable, and it was generally felt that such a government would fall under complete Communist domination, though some opinion-makers urged the US to encourage "non-Communist liberals", and others hoped that the Communists would "bog down" in China.

The Washington Post said in part: "Embarrassment over China is becoming as extreme as the life of Chiang Kai-shek's Government. ECA's Paul G. Hoffman, trying to be comforting, seems to have advocated continuance of Marshall aid to a coalition government, provided that free institutions are maintained. It is a vague promise, signifying in Hoffman's mind, no doubt, only American benevolence toward the people of China. But the comment seems to have disturbed the State Department. Policy-makers prefer that others should keep the same silence as themselves on China. They have applied to China the classic Chinese policy of non-action, waiting upon events which are developing at a furious tempo on the way to the final crisis in Nanking.

"Non-action hardly comports either with American actionism or with American anti-Communism. Yet, with reservations, nothing else could be expected. . . Chiang's prestige, report newspaper correspondents, is almost at vanishing point, and the Chinese people appear to have counted him out. It would be the height of foolishness to try to buck the massive deadweight of China when the Chinese themselves have written finis to any regime....

"Duty likewise is upon the United States to aid proven friends among Chinese leaders. Such is the realism of the Chinese that many Kuomintang politicians may be expected to try to make their peace with the Communists, but there are notable irreconcilables, as well as leaders who would get no mercy from the Communists. Chiang Kai-shek is certainly in both these latter categories. He was markedly anti-foreign long before he was let down by President Roosevelt in the Manchurian deal with Soviet Russia, yet this episode requires as our least contribution that he be not abandoned. This would mean some effort to give him hospitality and protection in case he decides to quit, but only as a personal matter between the Generalissimo and the United States, not as the first item in a restoration movement."

Reviewing the China situation and the possibility of a coalition government, *The Birmingham Age-Herald* concluded: "A lot is happening in China, and about the only thing we seem to be able to do about it at the moment is to watch and wait—and prepare a new policy in the light of new developments." Similarly, the *Louisville Courier-Journal* asserted: "It seems clear that the State Department will have considerable time yet to explore the question of whether we can or should do business with the prospective 'coalition,' or whether the surviving remnant, huge, reorganized 'Free China' of the South will have convincing claim to aid from us."

The New York Herald-Tribune declared: "The United States should not give support, either direct or indirect, to formation of a coalition government in China. While such a government may be inevitable, and American recognition of it may have to follow, it should not come into existence with the blessing of Washington. On the contrary, America should watch for signs of weakness in the Communist regime and should be prepared to aid the foes of Communism in China."

The St. Louis Post-Dispatch took a similar point-of-view. Contending that "short of a miracle, Nanking is on its way to a coalition with the Communists," the *Post - Dispatch* observed: "Communist China will hardly be more of a problem to the Western democracies than China will be to the Communists. There are plenty of good reasons to expect that if the U.S. plays its hand with skill and consistency, the Russian Communist venture in China will lead them to a fiasco so complete and so public that it will discredit Communist ideology. To give the Russians every aid and comfort in arriving at that end in China, should, it seems now, be the long-range objective of U.S. policy."

NEW BOOKS OF INTEREST

US-Russian Trade

Study of the Soviet Foreign-Trade Monopoly. By Mikhail V. Condoide. Columbus, Ohio, Bureau of Business Research, Ohio State University, 1946. 160 pages. US$2.50. Reviewed by F. M. Roberts.

THE adjustment of foreign economic relations is one of the important problems facing any government. Political as well as economic strategy enters in. Foreign exchange and foreign trade can become one of the methods by which a party maintains itself in power.

This study by a member of the department of economics and the bureau of business research of Ohio State University explains how the government monopoly of foreign trade in the USSR is adjusted to internal economic life. Since planning is the principal feature of the Soviet economic structure, foreign trade is organized within the total economic plan.

The author reviews Russian foreign trade in the 20 years preceding 1914. Russia in that period had an unfavorable balance of payment, despite a favorable balance of trade, and was borrowing increasingly in foreign markets. Her foreign indebtedness was steadily increasing because of interest and dividends on industrial investments, interest on state and municipal debts, tourist and official expenditures. Then, after 1914, the war cut off Russian exports, while imports increased. Russia borrowed from Britain, France and the United States. Germany who had supplied 47 percent of Russian imports and had taken 30 per cent of Russian exports was cut off. The war years saw a sharp depreciation of Russian currency.

A few months after the November Revolution private property was abolished; industry was nationalized, banking, transportation and foreign trade were declared to be state monopolies. Upon the troubled background of these changes developed the Soviet planning procedure. The author discusses this procedure and shows how the need for flexibility has been recognized. Export and import planning is adjusted to world prices and political expediencies.

In the east, says the author, in Iran, Afghanistan, Mongolia, Manchuria and China, the Soviets see no danger to their socialistic program and are seeking both a market for their goods and soil for their political doctrines. They are prepared to trade eastward, and although the total foreign trade of Soviet Russia is far below the levels of Tsarist Russia, the values of her eastern trade are at present much higher.

The second half of the book deals with political and economic relations between the United States and Russia. The appendix gives the documents relating to the commercial agrements between the two countries from the first trade agreements of July 13, 1935, and July 31, 1942. The tables and charts cover Russian trade between 1894 and 1945. Sources are largely from Russian official records and from the U.S. Department of Commerce.

The fundamental principle of the Soviet economic system is economic self-sufficiency. There is no reason to expect a change of policy says the author. Imports are only to satisfy the most urgent needs; exports are restricted to the level which balances the level of imports.

Rural Life

RURAL LIFE IN PROCESS. *By Paul H. Landis. N. Y. McGraw-Hill, 1948. 538 pages, illus., figures, tables, index. Second Edition. U.S.$4.00. Reviewed by F. M. Roberts.*

RURAL sociology is a comparatively new subject in the colleges and universities of the United States, but shows in its rapid growth during the past 15 years a popular awareness of the importance of well-being in the rural areas of a country. The need in China for a wider appreciation of rural problems is evidenced by a letter in the *China Weekly Review* written by a professor in National Lanchow University. It was an answer to an unemployed college graduate who refused a teaching position with these words, "I would rather go begging than teach in a school situated in the country." This professor of English points out the need for service of China's youth among her agricultural millions. Before this service can be given, students have to appreciate the need.

Mr. Landis's textbook uses a socio-psychological approach to rural sociology. Rural life differs from urban life because the patterns of culture are different. Not only in China, but all over the world, contemporary social forces are at work in rural society, and no nation can ignore these without serious consequences.

Rural economy and customs in the United States differ from those of China, but many chapters of this book present problems which are immediately pressing here also: the farm family in a changing culture; the rural school in a dynamic society; rural government in a changing environment; problems of farm youth; social aspects of farm tenure; rural pathology and health; rural welfare and rehabilitation; implications of the rural trend today.

Already, students of economics sociology and agriculture have worked in China to gather foundation material for a study of rural problems. Such men as L. H. Bailey, Tawney, John Lossing Buck, C. B. Malone, J. B. Taylor, C. Y. Tang, M. P. H. Lee and others have collected material which may be used in a study of China's rural life. Mr. Landis's book indicates the wide fields where research and action are necessary, and would be an excellent textbook in China for the study of the subject. Particularly useful are the full bibliographies at the ends of chapters. An appendix reviews the development of rural sociology in the United States—in the college curriculum, in extension service publications and in rural case work.

Free Trade

By Oswald Garrison Villard. N.Y. Robert Schalkenback Foundation, 1947. 279 pages, index. U.S.$3.00. Reviewed by F. M. Roberts.

Oswald Garrison Villard has always been a great crusader in the social sphere, and when he dedicates this book to John Bright, Richard Cobden, William Lloyd Garrison and Henry George we know whose economic mantle he is wearing.

Although the argument of his book is based upon the tariff experience of the United States, the arguments, if valid, would be equally pertinent for other countries. One of the methods he uses is to pose a question—and answer it. Such questions as this: Can a nation do business with another whose economic system is racically different from its own? If in wartime we can have full and free cooperation and exchange of goods and services, why not in peace time? Will not cheap foreign labor ruin a country if tariff bars are withdrawn?

Mr. Villard believes that free trade is necessary if the world is to be restored, if the standards of living of the nations are to be raised. The "inexorable truth" which he preaches is "there can be no exporting of goods to other countries unless imports from foreign nations are accepted."

Not only does this non-technical book summarize the arguments for free trade; it also reviews the existing agencies working to clear international trade channels. The protectionist will find it difficult to answer many of the points raised. The warning of Francis B. Sayre is the warning of the book: "If goods do not cross boundaries, armies will!"

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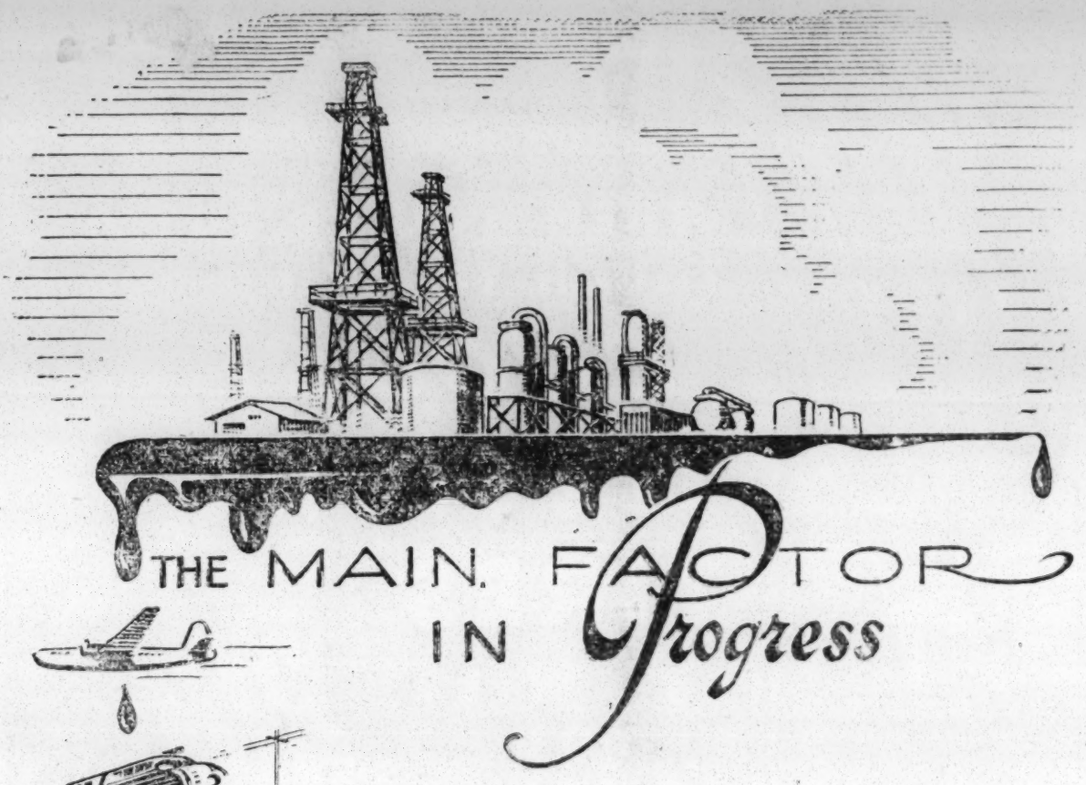

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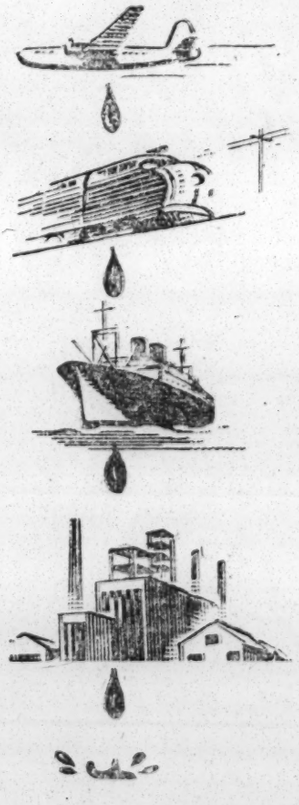

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